

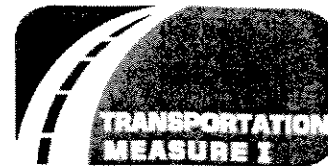


San Bernardino Associated Governments

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•San Bernardino County Transportation Commission •San Bernardino County Transportation Authority
•San Bernardino County Congestion Management Agency •Service Authority for Freeway Emergencies

DATE: July 24, 2007

TO: SANBAG Board Members

FROM: Tony Grasso

SUBJECT: Measure I 2010-2040 Strategic Plan Workshop, August 1, 2007

**Measure I 2010-2040 Strategic Plan
Board of Directors Workshop
August 1, 2007
Arrowhead Country Club
3433 Parkside Drive, San Bernardino**

Start Time: Immediately following the Board of Directors Meeting

The attached material supports the second in a series of workshops to develop SANBAG's Strategic Plan for Measure I 2010-2040. Upon completion, the Strategic Plan will guide administration of Measure I revenues and estimated federal, state, local, and private revenues for improvement, operation, and maintenance of the regional transportation system. Through these workshops, we are addressing the process for allocating Measure I funds to highway and transit projects, integrating fair share development contributions to regional facility improvements, and supporting project delivery with adequate institutional capacity and structure.

The first workshop, held in May, 2006, focused principally on Measure I 2010-2040 revenue and cost projections. Additional information has been provided to the Board in the intervening months, further developing aspects of the Strategic Plan. A set of overarching Strategic Plan principles was endorsed by the Board in January, 2007.

No decisions are expected from this workshop. However, SANBAG staff will be requesting specific decisions on staff recommendations at August committee meetings and at the September Board meeting, and the information presented and discussions that take place at the August 1 workshop are important background to those recommendations.

If you have any questions concerning the workshop agenda or material attached, please contact me at (909) 884-8276.

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Measure I 2010-2040 Strategic Plan
Board of Directors Workshop
August 1, 2007
Arrowhead Country Club
3433 Parkside Drive, San Bernardino

AGENDA

Start Time: Immediately Following the Board of Directors Meeting

1. Welcoming Remarks Lawrence Dale
2. Workshop Objectives Tony Grasso
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3. Strategic Plan Progress Update Ty Schuiling
(Pages 2 – 4)
4. Recap of Revenue and Project Cost Projections Ty Schuiling
(Pages 5 – 8)
5. Mountain/Desert Policy Issues Deborah Barmack
(Pages 9 – 19)

Workshop Break

6. Procedural Framework for Valley Major Streets and
Valley Interchange Programs Ty Schuiling, Steve Smith,
(Pages 20 – 53) Andrea Zureick

Workshop Break

7. Issues Related to I-10 Interchange and Auxiliary Lane Projects Darren Kettle
(Pages 54 – 55)
8. Future Policy Considerations Tony Grasso
9. Other Discussion, Future Workshops Lawrence Dale

Supporting Documentation

Measure I 2010-2040 Ordinance and Expenditure Plan (Pages 56 – 79)
Measure I 2010-2040 Strategic Plan Scope of Work (Pages 80 – 83)

SANBAG Board of Directors' Workshop Objectives
Measure I 2010-2040 Strategic Plan
August 1, 2007

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The first workshop, held in May, 2006, focused principally on Measure I 2010-2040 revenue and cost projections. Additional information has been provided to the Board in the intervening months, further developing aspects of the Strategic Plan. A set of overarching Strategic Plan principles was endorsed by the Board in January, 2007.

No decisions are expected from this workshop. However, SANBAG staff will be requesting specific decisions on staff recommendations at August committee meetings and at the September 5, 2007 Board meeting, and the information presented and discussions that take place at the August 1 workshop are important background to those recommendations. The specific objectives of this workshop and their relationship to the decisions to be made in September are listed below.

1. Provide a progress update on development of the Strategic Plan
2. Provide a recap of the revenue and cost projections presented and approved in 2006
3. Present draft recommendations on Mountain/Desert policy issues for Measure I 2010-2040 (action to be requested at August Mountain/Desert Committee meeting and September Board meeting)
4. Present draft recommendations on a procedural framework for the administration of Measure I 2010-2040 for Valley Major Streets and Valley Interchange funds (action to be requested at August Plans and Programs Committee meeting and September Board meeting)
5. Present draft recommendations related to the funding of the I-10/Cherry and I-10/Citrus interchange and auxiliary lane projects (action to be requested at August Major Projects Committee meeting and September Board meeting)
6. Provide direction to staff for further development or refinement of policies and procedures presented at the workshop

Measure I 2010 – 2040 Strategic Plan Progress Update

Objective: Provide progress to date on Strategic Plan development and schedule for completion.

Table 1 highlights the progress made to date on the Measure I 2010-2040 Strategic Plan. Progress is described for each task contained in the original Scope of Work. (The Scope of Work is provided in the supporting documentation of this agenda.)

**Table 1. Measure I Strategic Plan Progress Update
August 1, 2007**

TASK	PROGRESS
Task 1 – Update expenditure plan project lists and costs	Complete and approved by the Board on August 2, 2006.
Task 2 – Update revenue forecasts	Complete and approved by the Board on August 2, 2006.
Task 3 – Evaluate advanced funding options	Project advancement program approved by the Board on April 5, 2006. Additional analysis will be conducted of the costs, benefits, and implications of bonding.
Task 4 – Ensure use of federal funds on otherwise federalized projects	Strategic Plan principle was developed to address this point. Principles were endorsed by the Board on January 10, 2007.
Task 5 – Project prioritization policies and procedures	Issue papers have been developed for each program area and discussed at various Policy Committee and Board meetings between October 2006 and March 2007. Policies and procedures for guiding the apportionment and allocation of Valley Major Streets and Valley Interchange funds have been developed and will be reviewed at the August Board Workshop.
Task 6 – Evaluate need for and benefit of “frontloading” or advancing funding for selected programs through inter-program borrowing	The apportionment process identified in Task 5 is proposed as the framework to guide inter-program borrowing. The Strategic Plan cash flow analysis, yet to be developed, will project possible needs for frontloading and borrowing, but the Board will control year-to-year decisions through the apportionment process, if such process is adopted.

TASK	PROGRESS
Task 7 – Further define the relationship of fair share development contributions to the fund allocation process	Relationship of development contributions to the fund allocation process is included in the material referenced under Task 5 for Valley Major Streets and Valley Interchange funds. Issue papers for Mountain/Desert subareas address this subject in general terms, but more development is required.
Task 8 – Define project development and delivery responsibilities for freeway, interchange, major roadway, and grade separation projects	Strategic Plan principle to address delivery responsibilities was developed and endorsed by the Board on January 10, 2007. Fund tracking procedures need to be further developed. Reimbursement process has been addressed in conjunction with Tasks 5 and 7.
Task 9 – Formulate a policy to address cost overruns on non-SANBAG projects	Remains to be addressed, though partly treated in the procedural framework material for Valley Major Streets and Valley Interchange programs.
Task 10 – Identify institutional requirements and resources for management and delivery of the Measure I 2010-2040 transportation program	The Board approved an organizational realignment on May 2, 2007. Decisions related to project delivery and program administration could result in more Agency needs.
Task 11 – Prepare final Strategic Plan	Draft report will be prepared for review by Board by early 2008.

Several of the tasks refer to the Strategic Plan Principles endorsed by the SANBAG Board in January, 2007. These principles are a foundation for the development of the Plan and include:

- 1) Deliver all Expenditure Plan projects at the earliest possible date.
- 2) Seek additional and supplemental funds as needed for completion of all Expenditure Plan projects.
- 3) Maximize leveraging of State, federal, local, and private dollars.
- 4) Ensure use of federal funds on otherwise federalized projects.
- 5) Sequence projects to maximize benefit, minimize impact to the traveling public, and support efficient delivery.
- 6) Provide for geographic equity over the life of the Measure.
- 7) Recognize that initiation of project development work on arterial, most interchange, and railroad crossing projects is the responsibility of local jurisdictions. Initiation of project development work on freeway mainline projects and interchange improvements required for the mainline projects is the responsibility of SANBAG.
- 8) Work proactively with agency partners to minimize the time and cost of project delivery.

- 9) Structure SANBAG to effectively deliver the Measure projects.
- 10) Exercise environmental stewardship in delivering the Measure projects.
- 11) Periodically update the Strategic Plan through the life of the Measure.
- 12) Utilize debt financing when and where appropriate.

The anticipated schedule for the completion of the Strategic Plan is as follows:

Board Workshop – Approval of framework for Valley Major Streets and Valley Interchange Programs – August 1, 2007

Board Workshop to Finalize Policies and Procedures – Late 2007

Draft Report – February 2008

Board Workshop – Spring 2008

Board Approval of Final Report – June 2008

This schedule could change pending Board direction, but June 2008 is the current target for Board approval of the Strategic Plan. The Plans and Programs Committee is serving as the clearinghouse for reviews of all the Measure I 2010-2040 programs, based on input from the other policy committees.

It is important to complete the Strategic Plan well prior to the April 2010 effective date for several reasons:

- Commitments have already been made through the SANBAG Board's project advancement policy. A complete picture of Measure I fund administration should be developed soon, to ensure that no over-commitments are made and that no programs are adversely affected by those commitments.
- A management system is needed to track the commitments being made to the expenditure of Measure I 2010-2040 dollars. Early establishment of such a system is important for managing the commitments already made as well as providing seamless interface with the financial system when Measure I 2010-2040 dollars begin to flow.
- Local governments require lead time to incorporate fund availability and anticipated project expenditures into their budgeting cycles. These agencies will be better positioned if the policy and procedural framework for Measure I 2010-2040 can be delineated in advance.
- If bonding is required to facilitate project delivery early in the Measure, an early indication of this would be beneficial to the SANBAG Finance Department and the SANBAG Board.

Measure I 2010-2040 Updated Cost and Revenue Information

Objective: Provide current project cost and Measure I 2010-2040 revenue information.

Updated estimates of project costs and Measure I 2010-2040 revenues were approved by the SANBAG Board in August 2006. These are recognized as working numbers, and may be updated further prior to the completion of the Strategic Plan. The tables presented in this section represent the best available information upon which to base revenue and cost for selected program areas. All estimates are in 2006 dollars. Measure I revenues by program area are based on the Board-approved estimate of \$8 billion over the 30-year life of the Measure. Measure I pass-through revenues are excluded from all program-level revenue estimates.

Table 1 presents revenue estimates for all the Measure I 2010-2040 programs. The amounts are based on percentages of revenue specified in the Measure I Expenditure Plan for each program and on demographic growth projections for each geographic area.

Table 2 shows cost and revenue projections for the Cajon Pass Program. A shortfall is indicated of approximately \$150 million, based on known revenue sources. Estimates of State and Federal dollars likely to be available are believed to be conservatively low (for the Cajon Pass and other programs), but the State and Federal funding picture remains unclear. However, one of the recommendations for I-15 in the Cajon Pass is reversible managed lanes (toll lanes) similar to those on I-15 in San Diego County. Toll revenue cannot be accounted for until a decision is made to proceed with such a facility. However, it is possible that the Cajon Pass Program can be made whole by proceeding in that direction.

Table 3 shows estimates for the Valley Freeway Program. The fact that the estimates show a cost in excess of revenue approaching \$800 million indicates that strategies need to be sought to control costs and/or seek supplemental revenue as projects move forward. It is always assumed that State and Federal funds will be aggressively pursued, but due diligence will also be undertaken to explore other funding and possibilities as well, consistent with Strategic Plan Policy No. 2. The Valley Interchange and Valley Major Streets Programs (Tables 4 and 5) are currently showing revenue equal to or exceeding estimated costs. This does not mean that decisions should be made to move any excess dollars to another program. The proposed procedures contained in this white paper suggest that any such decisions be made by the SANBAG Board year-by-year in the fund apportionment process described in the next section.

Table 1. Revenue Estimates for Measure I 2010-2040
(\$ in thousands)

<i>MI 2010-2040 Subarea Estimate</i>	<i>Cajon Pass</i>	<i>Valley</i>	<i>Victor Valley</i>	<i>Colorado River</i>	<i>Morongo Basin</i>	<i>Mountains</i>	<i>North Desert</i>
	\$223,829	\$6,045,076	\$1,192,056	\$11,323	\$192,880	\$167,849	\$166,987
Program Category	Amount	MI % Amount	MI % Amount	MI % Amount	MI % Amount	MI % Amount	MI % Amount
Freeway Projects	\$223,829	29% \$1,753,072					
Freeway Interchange Projects		11% \$664,958					
Major Street Projects		20% \$1,209,015	25% \$298,014	25% \$2,831	25% \$48,220	25% \$41,962	25% \$41,747
Local Street Projects		20% \$1,209,015	68% \$791,580	68% \$7,700	68% \$131,158	68% \$114,137	68% \$113,551
Traffic Management Systems		2% \$120,902	2% \$23,841	2% \$226	2% \$3,858	2% \$3,357	2% \$3,340
Metrolink / Rail Service		8% \$483,606					
Express Bus Service / BRT		2% \$120,902					
Senior / Disabled Transit*		8% \$483,606	5% \$78,622	5% \$566	5% \$9,644	5% \$8,392	5% \$8,349

*In Victor Valley Subarea, begins at 5% through 2015 and then increases 0.5% every five years to a maximum of 7.5%. All increases above the initial revenue collected for Senior and Disabled Transit Service come from the general Local Street Projects.

Table 2. Project Cost and Revenue Estimates for the Cajon Pass Program

Cost and Fund Source	\$ Millions
Project Costs	\$ 471
<ul style="list-style-type: none"> • Measure I Revenue • State and Federal Revenue 	\$ 224 \$ 100
Total Revenue	\$ 324
Over/Under	\$ -147

Table 3. Project Cost and Revenue Estimates for the Valley Freeway Program

Cost and Fund Source	\$ Millions
Project Costs	\$2,789
<ul style="list-style-type: none"> • Measure I Revenue • State and Federal Revenue 	\$1,753 \$ 250
Total Revenue	\$2,003
Over/Under	\$ -786

Table 4. Project Cost and Revenue Estimates for the Valley Interchange Program

Cost and Fund Source	\$ Millions
Project Costs	\$1,153
<ul style="list-style-type: none"> • Measure I Revenue • State and Federal Revenue • Development Mitigation 	\$ 664 \$ 45 \$ 444
Total Revenue	\$1,153
Over/Under	\$ 0

Table 5. Project Cost and Revenue Estimates for the Valley Major Streets Program

Cost and Fund Source	\$ Millions
Project Costs	\$1,946
<ul style="list-style-type: none"> • Measure I Revenue • State and Federal Revenue • Development Mitigation 	\$1,209 \$ 150 \$ 713
Total Revenue	\$2,072
Over/Under	\$ 126

Comparisons of project costs and revenue are not shown for the Victor Valley or other Mountain/Desert subareas. The Victor Valley estimates are being developed through the Victor Valley Area Transportation Study (VVATS) and will be reviewed by the Mountain/Desert Policy Committee in August, 2007. It is important to note that for all of the Mountain/Desert subareas, the

Measure I commitment involves contributions to the projects listed in the Expenditure Plan. It was not anticipated that the projects could be fully funded by the combination of Major Local Highways Program funds, State/Federal funds, and development mitigation funds alone. Part of the task of the VVATS effort is to map out a strategy by which needed highway improvements could be fully funded.

One of the objectives of a policy and procedure framework is to achieve revenue and cost balance in each geographic and program area, to the extent possible. Cost and revenue estimates will be changing continually, and decisions on project and program priorities and funding need not be made immediately. Rather, the framework needs to be established in a way that allows the Board to be as responsive as possible to project delivery needs in each program.

Measure I 2010-2040 Mountain/Desert Policy Issues

Recommendations:

- I. Adopt policies related to the allocation of Measure I 2010-2040 **Major Local Highway Funds** in the Mountain/Desert subareas; as follows:

- A. **General Principles.** The following principles should guide policy decisions regarding allocation of Major Local Highway Projects Funds in Mountain/Desert subareas:

1. Allocations will be made from candidate project lists developed in cooperation with transportation planning partners.
2. Allocations will serve to maximize leveraging of private, local, federal, and State dollars, with particular attention to leveraging of Regional Improvement Program Funds, Interregional Transportation Improvement Program Funds, and State Highway Operations and Protection Program Funds.
3. Allocations will be made with an objective of delivering major local highway improvements at the earliest possible date.
4. Geographic equity throughout the subarea shall be considered over the term of the Measure.
5. SANBAG shall actively engage in planning and project delivery of major local highway projects in collaboration with local jurisdictions and Caltrans in a manner which will minimize the time and cost of project delivery.
6. The allocation process should include a review of the revenue estimates and identified subareas needs for the term of the Measure.

- B. **Rural Subareas.** The following additional principles shall guide policy decisions relative to allocation of Major Local Highway Project Funds in rural areas; i.e., North Desert, Mountains, Morongo Basin, and the Colorado River Subareas.

1. Allocations for Major Local Highway Projects Funds in rural subareas will be allocated for improvements on State/Federal highways, interchanges/intersections, and major arterials ~~spanning~~ **“serving as primary routes of travel within the subarea” and impacting** multiple jurisdictions, based upon a project’s contribution to traffic circulation and/or improved safety within the subarea.
2. Development contributions are a requirement of the Measure in rural subareas. Development contributions from development mitigation fee programs in the rural Mountain/Desert subareas will

be considered as leveraged funding which could enhance a project application for Major Local Highway Projects Funds.

C. **Victor Valley Subarea.** The following additional principles shall guide policy decisions relative to allocation of Major Local Highway Project Funds in the Victor Valley Subarea.

1. Allocations of Major Local Highway Project Funds in the Victor Valley shall be restricted to State/Federal highways, interchanges, and new corridor alignments.
2. Allocation of Major Local Highway Projects Funds for corridor preservation is consistent with the Victor Valley Subarea Expenditure Plan.
3. Development contributions identified in the SANBAG Nexus Study are a minimum requirement of the program and shall not be considered as leveraged funding, except when the amount of development mitigation exceeds the amount listed in the Nexus Study or is on a project outside the Nexus Study area.

II. Approve the **Rural Mountain/Desert Major Local Highways Projects Issue Paper** and the **Victor Valley Major Local Highway Projects Issue Paper** to serve as background information and to establish intent for adoption of the adopted policies.

Discussion:

Mountain/Desert technical and policy representatives have been reviewing Measure I 2010-2040 Mountain/Desert Issue Papers relative to the allocation of the Major Local Highway Projects funds since September 2006. SANBAG staff held several meetings with technical representatives from local jurisdictions relative to the issue papers. The Mountain/Desert Committee discussed the issue papers at their meetings in October and November 2006. The staff recommendation for the August 2007 Board Workshop is that the recommended actions and issue papers be considered for final approval.

The Measure I 2010-2040 Mountain/Desert Expenditure Plan was developed by SANBAG Board Members from Mountain/Desert jurisdictions over the course of two years in advance of the November 2004 election. Although many features of the extended Measure remain unchanged, there are several distinctively different aspects of the new Measure for Mountain/Desert subareas:

- The formula allocation for local distribution of Measure I revenue was established at 70% of subarea revenues, as opposed to 99% in the current Measure. Local jurisdictions are provided flexibility to expend the Local Street Projects funds for any eligible transportation project, eliminating the requirement for expenditures of 30% for local streets and 65% for arterial roadways.

- Special accounts within each subarea are to be established for Major Local Highway Projects at 25% of revenue generated within each subarea; Project Development and Traffic Management Systems at 2% of the Local Street Projects category; and Senior and Disabled Transit Service at 5% of revenue generated within each subarea. Specific requirements were created in the Victor Valley for increases in Senior and Disabled Transit Services revenues in .5% increments based upon unmet transit needs for Senior and Disabled Transit Service.
- Measure I 2010-2040 specifies that “no revenue generated from the tax shall be used to replace the fair share contributions required from new development.” The SANBAG Congestion Management Program and Nexus Study identify jurisdictions in the Victor Valley Subarea for inclusion in the Development Mitigation Program. Although jurisdictions in the rural subareas are not required to participate in the Development Mitigation Program, these jurisdictions nevertheless must comply with the requirement that “no revenue generated from the tax . . . be used to replace the fair share contributions required from new development.”

Language in Measure I 2010-2040 Mountain/Desert Expenditure Plan was written broadly to apply to all of the Mountain/Desert subareas and to provide flexibility within each subarea for SANBAG Board Members to determine allocation of special category funding based upon the unique character and needs of each subarea. “Expenditure of Major Local Highway Projects Funds shall be approved by the Authority Board of Directors, based upon a recommendation of subarea representatives and the Mountain/Desert Committee.”

Given the specific requirements of the Measure, the policy issues and recommendations in the issue papers were developed to further guide consideration of how the Major Local Highway Projects Funds would be allocated. The recommendations are discussed further in the Issue Papers and were developed based upon information and conditions unique to the subareas and upon direction from Board Members.

As noted above, there is a major distinction between rural subareas and the Victor Valley subarea, primarily due to the urban nature of the Victor Valley and its inclusion in the Development Mitigation Program. Although the recommended policies establish a basis for future allocation decisions, additional consideration will be required with respect to implementation of the Development Mitigation Program in the Victor Valley. Implementation of the Development Mitigation Program in the Victor Valley will be dramatically different from the Valley area, in that the Valley program is based upon full funding of all projects contained in the SANBAG Nexus Study. In contrast, the Nexus Study for the Victor Valley identifies required minimum contributions from development but does not identify how projects will be fully funded. Due to this substantial difference, staff has deferred development of recommendations for Victor Valley until such time as the Valley Arterial and Valley Interchange program is complete. It is anticipated that the Valley program may serve as a basis from which the Victor Valley policies can be developed.

It is recommended that the proposed policies be adopted and that the issue papers also be approved, in that the discussion of issues contained in the papers will provide background information and statement of intent, which may be of value in future consideration of allocation decisions and policy debate.

Name of Program: Rural Mountain/Desert Major Local Highway Projects

Brief Description: In the rural Mountain/Desert subareas, the overriding principle is that the highest priority and greatest need are in local street improvements. This is demonstrated by the 70% of revenue categorized for this purpose. The Measure I Expenditure Plan for each of the Mountain/Desert subareas also includes a category of funding for Major Local Highway Projects. The Major Local Highway Projects category receives 25% of Measure I revenues collected in each subarea. Eligible projects for this category of funds include "major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways." The Expenditure Plan also states that these funds can be used to "leverage other State and Federal funds . . . and to perform advance planning/project reports."

Technical issues: The total amount of funds collected in this category over the thirty year period is relatively small compared to the cost of construction for major highway improvements:

Subarea	Major Local Highways Projects Expenditure Plan Estimate	2007 Revised Major Local Highway Projects Expenditure Plan Estimate
North Desert	\$ 24m	\$ 42m
Mountains	\$ 30m	\$ 42m
Morongo Basin	\$ 31m	\$ 48m
Colorado River	\$ 15m	\$ 2.8m

In the Rural Mountain/Desert subareas, the revenue generated for Local Major Highway Projects is in the neighborhood of \$1.5m a year, with the exception of Colorado River which is substantially less.

Due to the vast areas and many miles of major local highways in these subareas areas, it was never anticipated that these funds would fully fund any projects. The projects named were easily identifiable Major Local Highway Project priorities. The project lists were not intended to represent a comprehensive or exclusive list for this category. Language in the Expenditure Plan specifically stated these funds would be used as "**Contributions to Projects, including but not limited to:**" Estimates of an amount of State and Federal funds available to each subarea were included in the Expenditure Plan.

Due to the lack of specifically identified projects and the vagaries of the amount of "contributions" from the Major Local Highway Projects category, project prioritization and allocations from the Major Local Highway Projects category are left to future policy decisions by SANBAG Board members within each subarea and the SANBAG Board.

Policy Considerations and alternatives:

Considering the limited financial resources in the Major Local Highway Projects category, a number of policy decisions will be required in establishing principles for allocation of funds. It is possible that some criteria could be established which apply to all Rural Mountain/Desert subareas. However, it is certain that representatives of each subarea will be required to make allocation decisions which best fit the needs of their each subarea.

(more)

Recommendations:

1. **The following principles should guide policy decisions regarding allocation of Major Local Highway Project's funds in rural subareas:**

- Allocations should be made from candidate project lists developed in cooperation with transportation planning partners.
- Allocations should serve to maximize leveraging of private, local, federal, and State dollars, with particular attention to leveraging of Interregional Transportation Improvement Program Funds on the Interregional Road System.
- Allocations should be made with an objective of delivering major local highway improvements at the earliest possible date.
- Geographic equity throughout the subarea should be considered over the term of the Measure.
- SANBAG shall actively engage in planning and project delivery of major local highway projects in collaboration with local jurisdictions and Caltrans in a manner which will minimize the time and cost of project delivery.

2. **Allocations for Major Local Highway Project's funds in rural subareas should be allocated for improvements on State/Federal highways, interchanges/intersections, and major arterials spanning multiple jurisdictions based upon a projects contribution to traffic circulation and/or improved safety within the subarea.** The Major Local Highway Projects category, as listed in the Expenditure Plan, cites numerous State/Federal highways and several multi-jurisdictional/subarea projects. The estimated Measure I revenue for Major Local Highways can only be a small contribution toward any substantial project, but the Measure I contribution can nevertheless serve to leverage additional non-Measure funding sources. In certain areas, allocations of Major Local Highway Projects Funds could contribute to safety projects on State highways which may be highly desirable among local jurisdictions and could possibly advance projects funded by State Highway Operations and Protection Program funds. In rural subareas with few State highway project priorities, major arterial projects spanning multiple jurisdictions may be highly desirable. Major arterial projects spanning multiple jurisdictions can improve circulation and can serve as alternative routes to the State highway.

3. **The allocation process should include a review of the revenue estimates and identified subareas needs for the term of the Measure.** Review of revenue estimates and identified projects during the allocation process will result in consideration of alternatives which may include assurances related to geographic equity; maintenance of reserves for unanticipated needs and/or opportunities to leverage unanticipated funds; and evaluation of projects' impact upon overall subarea circulation.

4. **Development contributions are considered a requirement of the Measure in rural subareas. Development contributions from development mitigation fee programs in the rural Mountain/Desert subareas should be considered as leveraged funding which could enhance a project's consideration for Major Local Highway Projects funds.** Jurisdictions in rural subareas are not required in Measure I 2010-2040 to participate in the SANBAG Nexus Study and Development Mitigation Program cited in Section VIII of the Measure. However, it is clear in the Measure that "Measure I revenue is not intended to replace traditional revenues generated through locally-adopted development fees and assessment districts." It is also clear that the "transactions and use tax revenue shall not be used to replace existing road funding programs or to replace requirements for new development to provide for its own road needs." Rural subarea jurisdictions are meeting the requirements for development contributions through preparation of Traffic Impact Analysis Reports, conditions of project approvals, fee districts, and

other mechanisms. Most jurisdictions in the rural Mountain/Desert subareas are also considering or have established development mitigation programs separate from the SANBAG Nexus Study.

It is anticipated that jurisdictions in the rural subareas may submit projects for funding which include local funding contributions, such as Measure I Local funds, redevelopment funds, general funds, or development mitigation fee program funds. A proposed project with these local funding contributions may increase the competitiveness of a project. In the rural subareas, all of these local funding contributions should be considered as leveraged funds for the purpose of allocating Major Local Highway Project Funds, including those which may be generated from development mitigation fee programs which are not part of the SANBAG Development Mitigation Program.

Name of Program: Victor Valley Major Local Highway Projects

Brief Description: In the Mountain/Desert subareas, 70% of revenue generated is preserved for Local Street Projects. The Measure I Expenditure Plan for each Mountain/Desert subarea specifies that 25% of Measure I revenues collected in each subarea be set aside for Major Local Highway Projects. Eligible projects for the Major Local Highway Projects category include "major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways." The Plan also states that these funds can be used to "leverage other State and Federal funds . . . and to perform advance planning/project reports." The Victor Valley Subarea Expenditure Plan reads as follows:

SCHEDULE E - Victor Valley Subarea Expenditure Plan

Project Category	Measure "I" Percentage	Amount
Local Street Projects	70%	\$ 596 Million
Major Local Highway Projects	25%	\$ 213 Million
Senior and Disabled Transit Service	5%	\$ 43 Million
Total Victor Valley Subarea Measure "I" Revenue	100%	\$852 Million
Victor Valley Expenditure Plan Detail		
Local Street Projects		
<i>Distribution to cities and County for street repair and improvements</i>		
<i>New construction to relieve Bear Valley Rd, Ranchero Rd, new east/west roadways</i>		
Local Street Projects Measure "I" Revenue		\$ 596 Million
State and Federal Revenues		\$ 39 Million
Contribution from New Development, Major Streets		\$ 281 Million
Total Local Street Projects Revenues		\$ 916 Million
Major Local Highway Projects		
<i>Contributions to Projects including but not limited to:</i>		
<i>New Interchanges at I-15 and Ranchero, Eucalyptus, LaMesa/Nisqualli</i>		
<i>High Desert Corridor</i>		
<i>I-15 Widening through Victor Valley</i>		
<i>SR-138 Widening and Improvements</i>		
<i>US-395 Widening and Improvements</i>		
Major Local Highway Projects Measure "I" Revenue		\$ 213 Million
State and Federal Revenues		\$ 112 Million
Contribution from New Development, Freeway Interchanges		\$ 88 Million
Total Major Local Highway Projects Revenues		\$ 413 Million
Senior and Disabled Transit Service		\$ 43 Million

Technical issues: The Measure I Expenditure Plan estimated the total amount of funds collected in the Victor Valley Major Local Highway Projects category over the thirty year period. The estimates for Measure I revenue and development mitigation revenue were updated in 2006 as follows:

Fund Type	Major Local Highways Projects Expenditure Plan Estimate	2007 Revised Major Local Highway Projects Expenditure Plan Estimates
Victor Valley Subarea		
Major Local Highway Funds	\$ 213m	\$ 298m
State and Federal Revenue	\$ 112m	\$ 112m
Development Mitigation	\$ 88m	\$ 146m
TOTAL	\$ 413m	\$ 556m

Although the amount of Local Major Highway Projects funds is considerably higher than other Mountain/Desert Subareas, the magnitude of transportation needs and cost of major facility construction render this amount woefully insufficient. While Victor Valley revenue is expected to increase, it is doubtful that the imbalance between needs and available funding will change significantly.

In the Victor Valley subarea, it was never anticipated that the Major Local Highway Projects category would fully fund any of the projects listed in the Expenditure Plan. The projects named were easily identifiable major local highway project priorities. The projects were not intended to represent a comprehensive or exclusive list for this category. Language in the Expenditure Plan specifically stated these funds would be used as **"Contributions to Projects, including but not limited to:"**

The Victor Valley is distinctly different from other Mountain/Desert subareas in two specific ways. The incorporated areas and surrounding county areas were included in the SANBAG Nexus Study which requires a fair share contribution by new development to transportation projects. It is also distinctively different in that there are two new major freeway corridors proposed in the subareas; i.e., High Desert Corridor estimated to cost \$900m and US-395 estimated to cost \$670m.

The Nexus Study and project development documents for the Victor Valley indicate the following cost and fair share contributions from new development in the Victor Valley:

Improvement Category	Total Cost	Development Contribution*
High Desert Corridor (Victorville/Apple Valley Segment)	\$ 900m	\$ 0
US-395	\$ 670m	\$ 0
SR-138 West	\$ 81m	\$ 0
I-15 Widening	\$ 398m	\$ 0
Interchanges	\$ 268m	\$ 146m
Arterials	\$ 586m	\$ 294m
Grade Separations	\$ 32m	\$ 8m

*Amounts include 2006 cost escalation factor of 12.9%

Due to the lack of specifically identified projects and the vagaries of the amount of "contributions" from the Major Local Highway Projects category, project prioritization and allocations from the Major Local Highway Projects category are left to future policy determinations. With a thirty-year estimate of revenue for Major Local Highway Funds of \$556m (\$298m Measure I; \$112m in State/Federal funds; and \$146m Interchange Development Mitigation) and a total known project need of \$2.317b, policy decisions regarding allocation of Measure I revenue will be both difficult and critical.

Recommendations:

1. **The following principles should guide policy decisions regarding allocation of Victor Valley Major Local Highway Projects funds:**

- Allocations should be made from candidate project lists developed in cooperation with transportation planning partners.
- Allocations should serve to maximize leveraging of private, local, federal, and State dollars, with particular attention to leveraging of Interregional Transportation Improvement Program Funds on the Interregional Road System.
- Allocations should be made with an objective of delivering major local highway improvements at the earliest possible date.
- Geographic equity throughout the subarea should be considered over the term of the Measure.
- SANBAG shall actively engage in planning and project delivery of major local highway projects in collaboration with local jurisdictions and Caltrans in a manner which will minimize the time and cost of project delivery.

2. **Allocations of Major Local Highway Project's funds in the Victor Valley should be restricted to State/Federal highways, interchanges, and new corridor alignments.** The Major Local Highway Projects category as listed in the Expenditure Plan cites several State/Federal highways, interchanges, and new corridors. The cited highways fall both within the urban and rural areas of the Victor Valley, allowing for equitable geographic allocations. The estimated Measure I revenue for Major Local Highways will be only a small fraction of the cost for identified project improvements. Although it may be appropriate for "major arterials spanning multiple jurisdictions" to be funded in other subareas, it does not seem appropriate in the Victor Valley given the magnitude of transportation need. The most obvious "major arterials spanning multiple jurisdictions" in the Victor Valley (alternatives to Bear Valley Road, Ranchero Road) are specifically cited in the Expenditure Plan as Local Street Projects.

3. **Allocation of Major Local Highway Projects funds for corridor preservation is consistent with the Victor Valley Subarea Expenditure Plan.** The Major Local Highway Projects category in the Victor Valley Subarea Expenditure Plan specifically names the future High Desert Corridor, as well as improvements to US-395, which is currently under study for a new alignment. The purchase of right-of-way is a recognized cost of highway construction. Advanced purchase of right-of-way using local funds is allowable by the Federal Highway Administration when performed in compliance with federal requirements. Subarea representatives may wish to consider a strategic process of purchasing parcels in an identified alignment if they become available on the market as a mechanism for reducing right-of-way costs in the long term and protecting the alignment.

4. **The allocation process should include a review of the revenue estimates and identified subareas needs for the term of the Measure.** Review of revenue estimates and identified projects during the allocation process will result in consideration of alternatives which may include assurances related to geographic equity; maintenance of reserves for unanticipated needs and for opportunities to leverage unanticipated funds; and evaluation of projects' impact upon overall subarea circulation.

5. **Development contributions identified in the SANBAG Nexus Study are a minimum requirement of the program and shall not be considered as leveraged funding.** When submitting potential projects for funding from the Victor Valley Major Local Highway Projects program, local jurisdictions may include other local funding contributions, such as Measure I Local Street Project funds, redevelopment funds, or general funds. A proposed project with additional local funding contributions may increase project competitiveness. In such cases, development mitigation funds identified in the SANBAG Nexus Study are minimum requirements and shall not be considered as leveraged funds, except when the amount of development mitigation exceeds the amount listed in the Nexus Study or is on a project outside the Nexus Study area.

Procedural Framework for Measure I 2010-2040 Valley Major Streets and Valley Interchange Programs: Options and Recommendations

Objective: Determine recommended procedural framework for Measure I 2010-2040 Valley Major Streets and Valley Interchange Programs for further development by SANBAG staff

On January 10, 2007 the SANBAG Board directed staff to further develop policy recommendations for the Valley Freeway, Freeway Interchange, and Major Streets Programs based on input received from local jurisdictions. Development of these policies has progressed to the point of specific recommendations for these programs. This paper reviews recommendations related to the Valley Major Streets and Valley Freeway Interchange Programs developed by staff through discussion with the Comprehensive Transportation Plan Technical Advisory Committee (CTP TAC). The reason for focus on these two programs first is that they represent the most complex set of issues facing the allocation of Measure I 2010-2040 funds in the Valley region. The programs must address concerns such as protection of revenue within the program, geographic equity among jurisdictions, and the achievement of development mitigation goals. The administration of these programs also must consider the issues of inter-program borrowing, potential for bonding, and need for auditing within the context of the overall management of the Measure I Expenditure Plan.

The central purpose for developing the procedural framework is:

To provide a systematic method to promote project delivery and to ensure geographic equity, transparency, accountability, and financial integrity in managing Measure I 2010-2040 revenues.

Specific objectives considered in developing the framework are to:

1. Use Federal and State processes as models, but with more flexibility
2. Maintain simplicity and ease of administration
3. Promote timely project delivery
4. Ensure geographic and program equity

It must be recognized that the administration of Measure I 2010-2040 will be more complex than Measure I 1990-2010. There are more program elements, and the expenditure plan for the new measure allocates more of the funding to non-freeway facilities in the Valley and to regional projects in the Victor Valley. Although simplicity is a prime objective, the administration cannot be as simple as Measure I 1990-2010. The procedural framework will need to strike a balance between keeping the administration simple while providing assurances that the administration of Measure I will accomplish the intent of the voters as reflected in the expenditure plan. For example, regional programs (e.g. Valley Major Streets, Valley Interchange, and Mountain/Desert Major Local Highways programs) were viewed to be sufficiently important in the Measure I Expenditure Plan that regional fund pools were established, rather than include those funds into a

higher pass-through percentage. A major distinction of these programs in the Valley and Victor Valley is the SANBAG Development Mitigation Nexus Study, which establishes development mitigation fair share percentages for interchange and major street projects. Pass-through programs do not provide adequate assurances that development mitigation fair shares will be provided for each project. **Therefore, pass-through administration of these programs is not contemplated in this discussion.** This implies that the collective judgment of the SANBAG Board needs to be exercised to address regional, as opposed to local, transportation needs. Administration of the revenues associated with these regional programs necessarily includes a certain amount of complexity.

Whatever methodology is chosen for administration of the Valley Major Streets and Valley Interchange Programs, which will be the subject of this discussion, there are four basic steps in the conveyance of funds from SANBAG to the local jurisdiction. Figures 1 and 2 illustrate the various options that have been identified for each of these steps in the Valley Major Streets and Valley Interchange Programs, respectively. Figures 1a and 2a summarize the various options that were examined in development of the framework and Figures 1b and 2b illustrate the staff recommendation. These options have been reviewed in detail with the Comprehensive Transportation Plan Technical Advisory Committee (CTP TAC). Explaining all the options and the pros and cons of each for the August 1 Board workshop would be tedious. Therefore, the body of this white paper focuses on the options that are highlighted in Figures 1b and 2b and viewed to best satisfy the objectives stated earlier in this section.

One of the objectives of the policy and procedure framework is to achieve revenue and cost balance in each geographic and program area, to the extent possible. Cost and revenue estimates will be changing continually, and decisions on project and program priorities and funding need not be made immediately. Rather, the framework needs to be established in a way that allows the Board to be as responsive as possible to project delivery needs in each program and to optimize the use of funds as demands for those funds arise.

The proposed procedural framework involves the following four basic steps:

Identification of needs – Local project sponsors identify five year needs through a Capital Projects Needs Analysis (CPNA) and SANBAG identifies needs for SANBAG Programs



Fund apportionment – Funds directed by the SANBAG Board to a Measure I 2010-2040 program

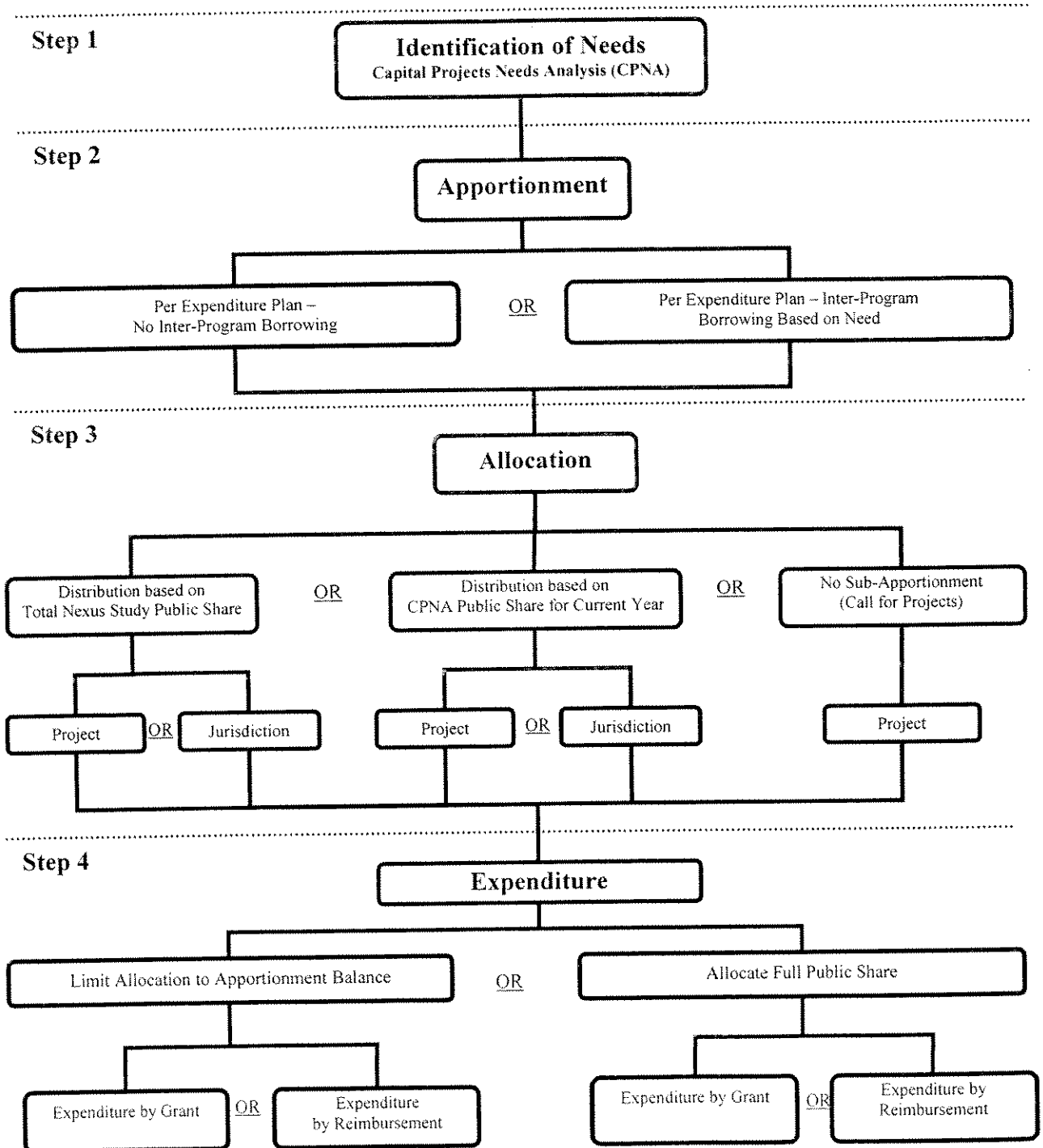


Fund allocation – Distribution of apportioned funds to either a jurisdiction or to a project

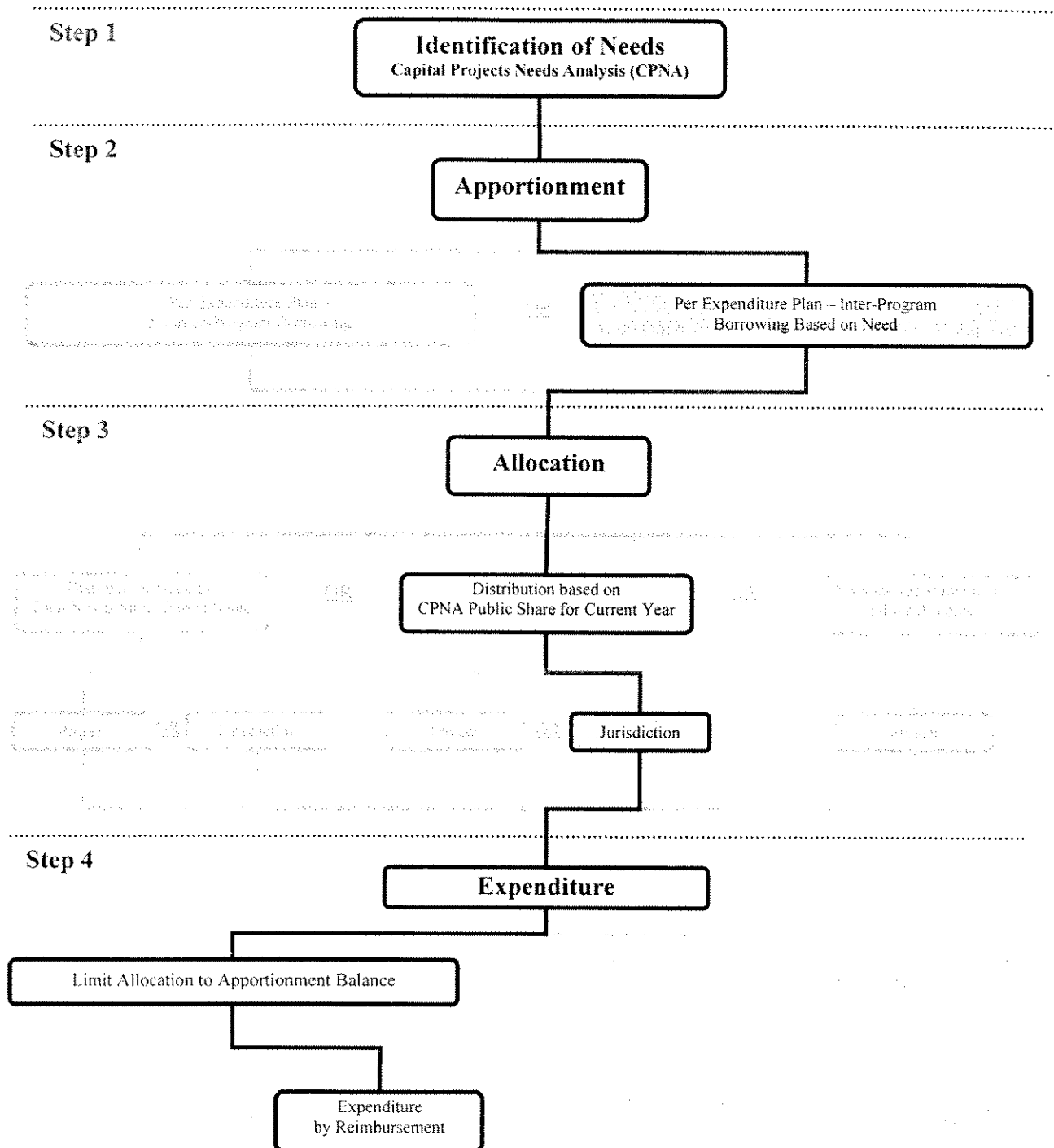


Expenditure – Project-specific funds authorized for expenditure by the SANBAG Board

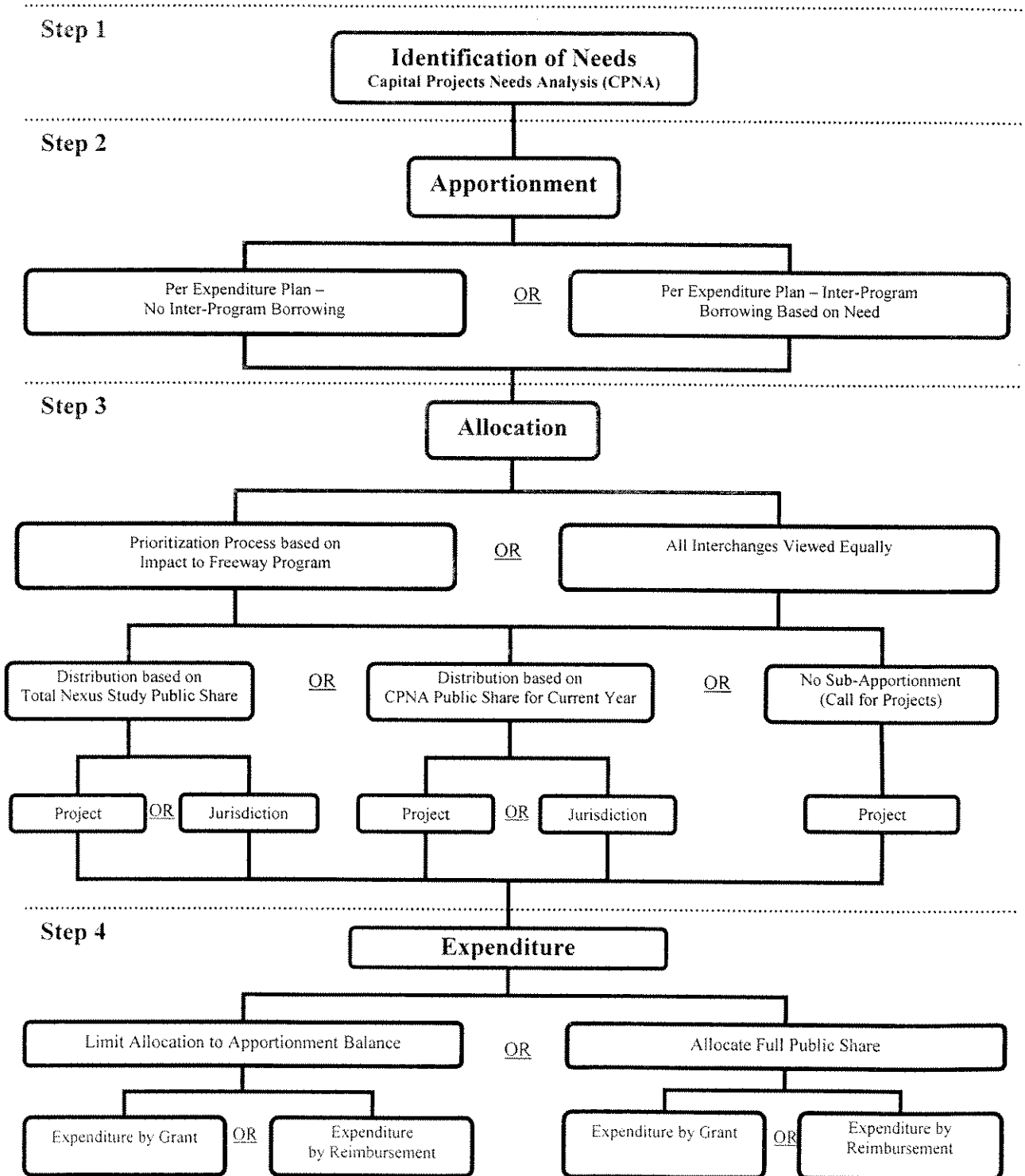
**Figure 1a. Valley Major Streets Program
Options Identified for Administration of Program**



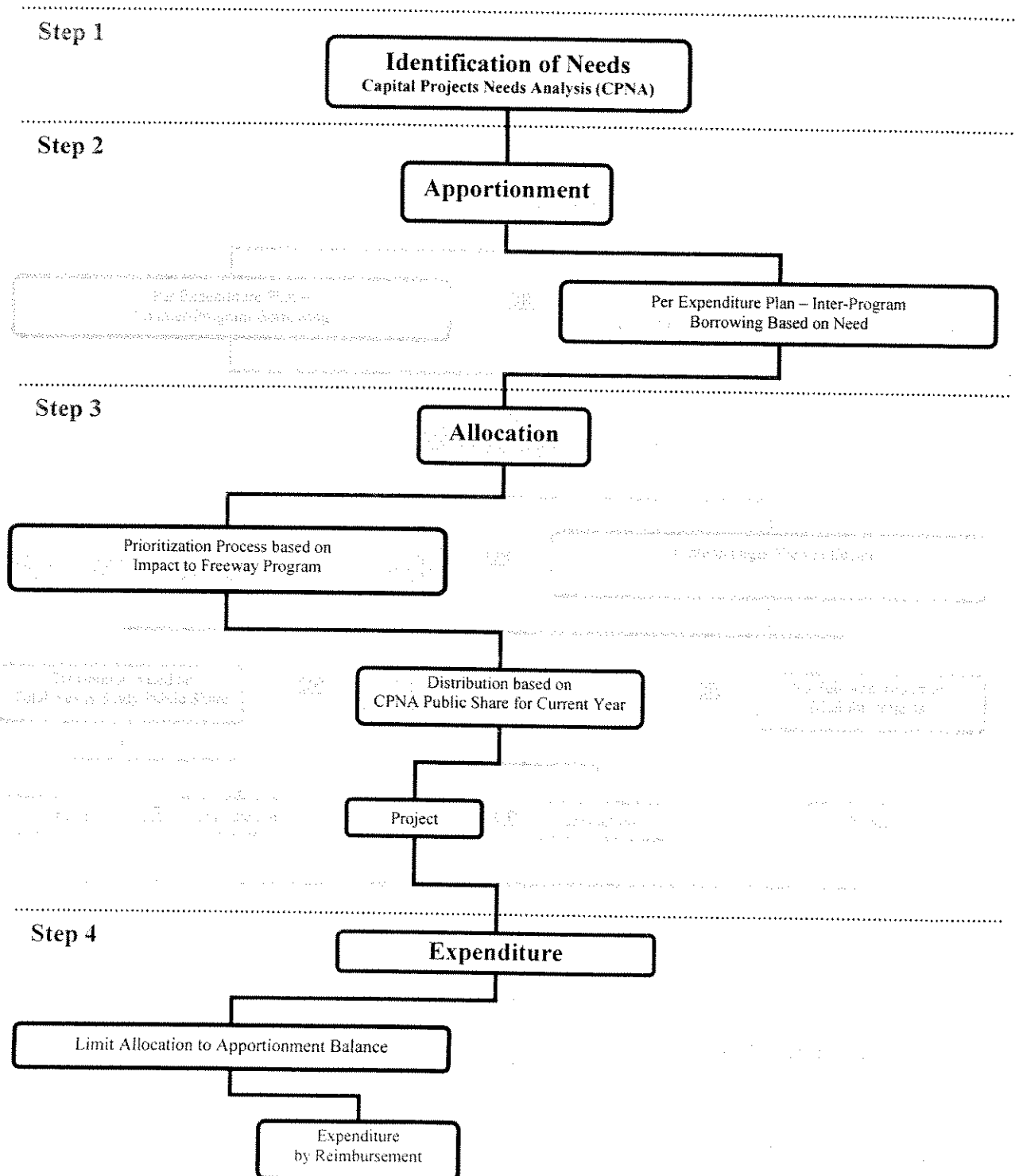
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**Figure 2a. Valley Interchange Program
Options Identified for Administration of Program**



**Figure 2b. Valley Interchange Program
Recommended Framework**



SANBAG staff is requesting direction to proceed on further development of the recommended framework that is discussed in the sections below. Staff believes that the recommended process is manageable, maintains simplicity, promotes project delivery, fosters geographic and program equity, and provides flexibility to both the SANBAG Board and local jurisdictions in the expenditure of Measure I dollars. The other options that were considered are explained in Appendix A. SANBAG staff is available to answer questions on these other options prior to or during the Board workshop.

Valley Major Streets Program

Step 1: Identification of Needs

This first step in the administration of any program in Measure I 2010-2040 is the identification of both immediate and upcoming needs. Every year SANBAG staff will prepare an analysis of needs for the Interchange, Major Streets, Freeway, and Transit Programs and a forecast of Measure I revenue availability. The analysis of needs for the Major Streets Program will be based on information submitted by the local jurisdictions and any outstanding project advancement agreements or project development loans that have been approved by the Board.

⇒ A **Capital Projects Needs Analysis (CPNA)** is prepared by local jurisdictions and submitted to SANBAG annually to identify the need for Valley Major Streets Program funds over the subsequent five-year period.

The content of the CPNA is distinctly different from and in addition to the five-year plans local jurisdictions prepare for the local pass-through component of Measure I. The format will more closely resemble that of the Regional Transportation Improvement Program (RTIP), which provides project detail by fund source and by phase. SANBAG staff will prepare an estimate of total Valley Major Streets Program needs for the coming year for consideration by the SANBAG Board in the apportionment process. This estimate will account for total project cost by phase, so that, when financially possible, the jurisdiction will not have to rely on future apportionments to fully fund a phase of work.

An example of a typical project needs analysis is shown in Table 1. The example assumes that the development mitigation fair share is 40 percent of the cost of each phase. The minimum fair share percentage for each jurisdiction is listed in the SANBAG Development Mitigation Nexus Study and included in Appendix B.

Table 1. Capital Projects Needs Analysis – Example Major Street Project

Project Name: Widen X St from Y Ave to Z Rd from 2 lanes to 4 lanes

	PRIOR	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
PSE DIF Measure I Other: _____		\$0.1M \$0.15M				
ROW DIF Measure I Other: _____			\$0.2M \$0.3M	\$0.2M \$0.3M		
CONST DIF Measure I Other: _____					\$0.6M \$0.9M	\$0.6M \$0.9M

⇒ All project phases are required to meet the minimum development fair share rates identified in the SANBAG Nexus Study.

SANBAG staff will compare the CPNAs with the development mitigation annual reports submitted by local jurisdictions to determine whether the development mitigation funds proposed can be reasonably expected to be available. Jurisdictions may exceed the minimum fair share amount on any given project, but no credit will be given for overmatching on any other projects.

⇒ Jurisdictions may transact loans internally or with other jurisdictions to provide required development mitigation funds to facilitate project delivery for arterial projects. For railroad grade separation projects, local jurisdictions may also request a loan from SANBAG to provide development mitigation funds to facilitate project delivery.

! SANBAG reserves the right to audit loan transactions used as a basis for funding the development mitigation funds. Development Mitigation is discussed in more detail in the "Development Mitigation for Valley Jurisdictions" section of this paper.

The following general schedule is an example of the possible sequence of events:

- September - Local jurisdictions prepare five-year capital projects needs analysis (first year in analysis is the subsequent fiscal year). Development mitigation annual reports are also due to SANBAG.
- October – SANBAG prepares revised revenue projection (based on most recent sales tax data and demographic trends) and updates project costs for projects managed by SANBAG
- January – SANBAG staff prepares cash-flow analysis of all programs
- March – SANBAG Board makes apportionment decisions. Jurisdictions can account for these funds in budgeting for their next fiscal year

Step 2: Fund Apportionment

The next step in the administration of any program in Measure I 2010-2040 is the apportionment of revenue to each program.

⇒ The **fund apportionment** process is an annual action by the SANBAG Board to direct anticipated Measure I 2010-2040 revenue to specific programs.

SANBAG staff will prepare a cash flow analysis based on the CPNAs of Valley jurisdictions, the needs of the SANBAG Freeway and Transit Programs, and the assessment of Measure I revenue availability extending at least five years into the future. This analysis could also serve as the basis for periodic evaluation of bonding needs. The annual fund apportionment decision by the Board will be informed by this analysis. While the program distribution is constrained to the percentages identified in the Measure I 2010-2040 Expenditure Plan over the life of the Measure, it is anticipated that, particularly in the Valley region, inter-program borrowing will be necessary to meet the annual needs of certain programs.

⇒ **Inter-program borrowing** provides flexibility for the Board to focus funding toward efficient delivery of all Valley Measure I 2010-2040 programs and could minimize the need for and costs associated with bonding.

While inter-program borrowing allows the Board flexibility to meet annual needs, there may also be need for a cap on the amount of borrowing allowed, such as a percentage of the total dollar amount anticipated through the Measure.

Step 3: Fund Allocation to Jurisdictions

After apportionment decisions are made, SANBAG staff will prepare a report of allocations for the Valley Major Streets Program based on the total apportionment to this program.

⇒ **Fund allocation** for the Valley Major Streets Program refers to the distribution of apportioned funds to a jurisdiction based on the proportion of the public share of project costs identified in the CPNA.

☐ If the Board apportions 100 percent of the Valley jurisdiction's requests, as contained in their CPNAs, then each jurisdiction will receive an allocation equivalent to what is listed in their CPNA. ☐ If the apportionment is less than 100 percent of the requests, then each jurisdiction will receive their proportional share, as calculated from costs in the CPNA.

⇒ Allocations will be documented in a master agreement between the jurisdiction and SANBAG.

The agreement will document the funds available for reimbursement to the jurisdiction for their Major Streets Program projects in that fiscal year, but does not authorize expenditure on any particular project (project authorization is discussed in Step 4). The agreement will be amended each year to adjust the authorized reimbursement amount for reimbursements that have been paid to the local jurisdiction and to add new apportionments allocated to the jurisdiction.

To protect geographic equity over the life of the Measure, caps will need to be placed on the amount by which a jurisdiction could exceed its "equitable share" of funding under the Valley Major Streets Program.

⇒ The total **equitable share** for each jurisdiction will be calculated based on the percentage of arterial project costs in the Development Mitigation Nexus Study. For example, if the Nexus Study arterial project costs for Jurisdiction X represent 10 percent of the total Nexus Study arterial project costs, that jurisdiction cannot receive more than 10 percent of the allocations in the Measure I Major Streets Program over the life of the Measure.

Because the staff recommendation is for allocation based on current need rather than total equitable share, it is possible that a jurisdiction could receive more than their annual equitable share, which is

defined as the total equitable share percentage multiplied by the Major Streets Program funds apportioned to date. At any given time within the Measure's 30-year life, a jurisdiction may have received more or less than its equitable share of the Major Streets funds apportioned to date. For example, if the arterial construction for a particular jurisdiction is loaded at the front end of the Measure, relative to other jurisdictions, that jurisdiction will likely receive more than its annual equitable share of the funds allocated to the program in the early years. Geographic equity over the life of the Measure will be protected by capping how far in excess of its annual equitable share a jurisdiction could accumulate allocations at any given time.

The stringency of the cap is a policy issue that the Board will need to resolve at a future date. For example, a restriction could be placed on allocations that would not allow a jurisdiction to receive more than their allocated amount plus one-half of their estimated unallocated balance. Other capping strategies can be devised to protect geographic equity. The purpose of a cap is to promote project delivery by allowing jurisdictions with shelf-ready projects to proceed, while protecting geographic equity over the life of the Measure. The dollar cap for each jurisdiction would be calculated annually by SANBAG staff.

Step 4: Expenditure

Jurisdictions can begin reimbursable work on a project in their CPNA after submitting a Project Authorization Form to SANBAG.

⇒ The **Project Authorization Form** will be approved by the City Council/Board of Supervisors and the SANBAG Executive Director and will document the project scope, estimated costs, fund sources, and any special arrangements, such as loans of development fair share funds.

After the Project Authorization Form has been executed, the jurisdiction is authorized to begin receiving reimbursement for project costs up to the amount designated in the master allocation agreement. Each project in the CPNA requires a separate Project Authorization Form. Any project costs that exceed the amount in the master allocation agreement will be held for reimbursement until new apportionments become available.

Invoices submitted to SANBAG will be reimbursed at a rate that accounts for the development fair share rate and any state or federal funds that are used to buy down the project cost and/or public share cost for specific projects in the Major Streets Program. Appropriate invoicing procedures for receiving state or federal funds will need to be followed.

If projects are not proceeding according to the schedule outlined in the CPNA, resulting in large cash balances, SANBAG may request an explanation from the local jurisdiction as to the reason(s) for delay.

- Excessive delays beyond allowable cure periods (to be defined later in the strategic planning process), could result in de-allocation of funds available to that local jurisdiction. This would not affect the total equitable share over the life of the Measure, but could affect the near-term availability of funds.

Valley Interchange Program

The Valley Interchange Program is unique from the other programs in that it requires multiple jurisdictions to coordinate local funds toward the implementation of a project; however, one jurisdiction will be required to take responsibility as the lead agency in administering the project. The lead agency will be responsible for coordinating the minimum required development mitigation with the cooperating jurisdictions. In some cases, SANBAG may assume the lead agency role at the request of the local jurisdictions, but a project management fee will apply. SANBAG may also assume the lead agency role if the interchange reconstruction is required to allow for a freeway mainline widening project and the reconstruction would not otherwise occur in a timely fashion. If SANBAG is the lead agency, SANBAG will bill local jurisdictions for the minimum development shares.

Step 1: Identification of Needs

SANBAG staff will prepare an analysis of needs from for the Interchange, Major Streets, Freeway, and Transit Programs and a forecast of Measure I revenue availability. The analysis of needs for the Interchange Program will be based on information submitted by the local jurisdictions in the CPNA and any outstanding project advancement agreements or project development loans that have been approved by the Board. The CPNA for the Interchange Program is similar to the format for the Valley Major Streets Program except that it will identify all agencies contributing development mitigation toward the project. The CPNA for Valley Interchange Program projects is prepared by the local jurisdiction that has elected to be the lead agency in project implementation.

SANBAG staff will prepare an estimate of total Valley Interchange Program needs for the coming year for consideration by the SANBAG Board. This estimate will take into consideration total project cost by phase, so that, when financially possible, the jurisdiction will not have to rely on future apportionments to fully fund a phase of work.

An example of a typical project needs analysis for an interchange is shown in Table 2. The example assumes that the total development mitigation fair share is 40 percent of the cost of each phase and that three jurisdictions contribute 20, 15, and 5 percent of the cost of each phase in development fees to cover this fair share. The minimum development mitigation for each interchange and each jurisdiction's share of that mitigation is listed in the SANBAG Development Mitigation Nexus Study and included in Appendix B.

Table 2. Capital Projects Needs Analysis – Example Interchange Project

Project Name: Reconstruct Interchange W

	PRIOR	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
PSE						
DIF – City X		\$0.8M				
DIF – City Y		\$0.6M				
DIF – City Z		\$0.2M				
Measure I		\$2.4M				
Other:						
ROW						
DIF – City X			\$0.8M	\$0.8M		
DIF – City Y			\$0.6M	\$0.6M		
DIF – City Z			\$0.2M	\$0.2M		
Measure I			\$2.4M	\$2.4M		
Other:						
CONST						
DIF – City X					\$4.0M	\$4.0M
DIF – City Y					\$3.0M	\$3.0M
DIF – City Z					\$1.0M	\$1.0M
Measure I					\$12.0M	\$12.0M
Other:						

⇒ All project phases are required to meet the minimum development fair share rates identified in the SANBAG Nexus Study.

SANBAG staff will compare the CPNA against the development mitigation annual reports to ensure that the development mitigation funds proposed are consistent with amount of development in the jurisdiction. Jurisdictions may exceed the minimum fair share amount on any given project, but no credit will be given for overmatching on any other projects.

⇒ Jurisdictions may transact loans internally or with other jurisdictions to provide required development mitigation funds to facilitate project delivery. For interchanges, local jurisdictions may also request a loan from SANBAG to provide development mitigation funds to facilitate project delivery.

☐ SANBAG reserves the right to audit loan transactions used as a basis for funding the development mitigation funds. Development Mitigation is discussed in more detail in the “Development Mitigation for Valley Jurisdictions” section of this paper.

Step 2: Fund Apportionment

The fund apportionment process for the Valley Interchange Program is the same as the process for all Valley Measure I 2010-2040 Programs and is described in the Valley Major Streets Program section.

Step 3: Fund Allocation to Interchange Projects

After apportionment decisions are made, SANBAG staff will prepare a report of allocations for the Valley Interchange Program based on the total apportionment to this program. Because interchanges require participation of multiple jurisdictions, it is more appropriate for apportionments to be allocated by project rather than by jurisdiction.

⇒ **Fund allocation** for the Valley Interchange Program refers to the distribution of apportioned funds to a project based on the proportion of project costs in the CPNA.

⇒ Interchanges that are critical to a freeway mainline project may be prioritized for fund allocation.

□ If the Board apportions 100 percent of the Valley jurisdiction's requests, as contained in their CPNAs, then each project will receive an allocation equivalent to the need identified in the CPNA. If the apportionment is less than 100 percent of the requests, then any priority interchanges will receive full allocations and the remaining interchanges will receive a proportional share, as calculated from costs in the CPNA.

⇒ Project-specific allocations will be documented in an agreement between the jurisdiction designated as lead agency and SANBAG.

The agreement will document the funds available for reimbursement to the jurisdiction for the interchange project and will include a Project Authorization Form. The Project Authorization Form will be approved by the City Council/Board of Supervisors of each participating jurisdiction and the SANBAG Executive Director and will document the project scope, estimated costs, fund sources, and any special arrangements, such as loans of development mitigation funds.

Step 4: Expenditure

After the allocation agreement has been approved by the SANBAG Board, jurisdictions can begin receiving reimbursement for the costs of eligible work activities on an interchange project up to the amount designated in the agreement. Any project costs that exceed the amount in the allocation

agreement will be held for reimbursement until new apportionments become available. All invoicing to SANBAG will be from the lead agency on the project, and the lead agency will need to bill the cooperating jurisdictions for their development mitigation amounts. If SANBAG is managing the project, SANBAG will draw funds from the allocation account for the identified interchange and will bill local jurisdictions for their development mitigation amount for that invoice.

If projects are not proceeding according to the schedule outlined in the CPNA, resulting in large cash balances, SANBAG may request an explanation from the local jurisdiction as to the reason(s) for delay.

- ☐ Excessive delays beyond allowable cure periods (to be defined later in the strategic planning process), could result in de-allocation of funds available for that interchange. This would not
- ☐ affect the overall equitable share over the life of the Measure, but could affect the near-term availability of funds.

Development Mitigation for Valley Jurisdictions

The SANBAG Development Mitigation Nexus Study establishes development mitigation fair share percentages for arterial projects and interchange projects for jurisdictions in the Valley and Victor Valley. Appendix B shows the minimum fair share percentages for Valley jurisdictions. Valley jurisdictions will be reimbursed with Measure I dollars for project costs minus the minimum development fair share, minus any other public funds that have been assigned to the project. Jurisdictions may exceed the minimum fair share amount on any given project, but no credit will be given for this on any other projects.

Loans

Jurisdictions may transact loans internal to their jurisdiction or with other jurisdictions to provide development mitigation funds to facilitate project delivery for arterial projects. The source, amount, and terms of the loan will need to be documented on the Project Authorization Form to be approved by the City Council/Board of Supervisors and SANBAG Executive Director. SANBAG reserves the right to audit loan transactions used as a basis for funding the development mitigation funds.

For interchanges and railroad grade separation projects, local jurisdictions may request a loan from SANBAG to provide development mitigation funds to facilitate project delivery. This is in addition to the internal loans referenced above. The loan request must come from the lead or cooperating agency that is unable to fund their fair share, and loan amounts will be paid to the lead agency to cover fair share amounts associated with invoicing for the interchange project in question. Repayment of the loan will be to SANBAG from the agency requesting the loan. Terms of the loan will be negotiated on a case-by-case basis, based on factors such as anticipated pace of future development, and will include interest. Failure to comply with the terms of the loan could result in reduction of the jurisdiction's Major Streets Program allocation.

Credit Agreements

SANBAG will not be a party to credit agreements. The agreement will be strictly between the local jurisdiction and the developer. Reimbursement of Measure I dollars to a jurisdiction may be provided for arterial construction on Nexus Study projects undertaken by a developer under certain circumstances. A copy of the credit agreement must be provided along with the Project Authorization Form. Reimbursement requires documentation comparable to invoices used for public construction contracts (e.g. quantities, per-unit costs, etc.), and the invoices must separate the development mitigation portion of the construction from any non-development mitigation portion of the construction in a verifiable fashion. For example, construction work for development site excavation cannot be mixed with roadway-related excavation. Reimbursement will occur based on this invoicing only for the public share of the costs. The minimum fair share amount will be deducted from invoices received.

APPENDIX A

Procedural Framework for Valley Major Streets and Valley Interchange Programs Analysis of Options

MEASURE I 2010-2040 STRATEGIC PLAN

Valley Major Streets and Valley Interchange Programs Apportionment and Expenditure Concepts

Purpose

The purpose of a defined apportionment and allocation process for the Valley Major Streets and Valley Interchange Programs is to provide a systematic method to ensure geographic equity, transparency, and accountability in managing Measure I 2010-2040 revenues. The administration of these programs is substantially more complex than any of the fund allocation programs administered by SANBAG under the Measure I 1990-2010 and processes need to be in place to establish clear guidance and order for the SANBAG Board and local project sponsors.

General

- Process generally follows Federal and State allocation/reimbursement approach, but with greater flexibility
- Process maintains consistency with guidance provided by Plans and Programs Committee
- Project costs can be modified through a Nexus Study amendment, but the local development mitigation program must be modified first

Note: Staff recommendations are highlighted in bold text

Process		Description/Options		Pro	Con
Identification of Needs		Measure I Ordinance specifies that the Board is to adopt a five-year plan of eligible project expenditures on an annual basis after public review and comment. This will be accomplished through a Capital Projects Needs Analysis (CPNA).			
Apportionment Funds directed by the SANBAG Board to the particular Measure I 2010-2040 Programs		SANBAG Board identifies annual apportionment to each program. Annual apportionment levels can be based on:			
		OPTION 1: Percentage distribution contained in the Measure I 2010-2040 Expenditure Plan OPTION 2: Revenue projections and overall Measure I program needs as compared to Valley Major Streets Program needs identified in CPNA (Board may or may not be able to fully fund needs in the annual apportionment)		Minimizes administrative burden of tracking loans between programs; more reliable for local jurisdiction planning Allows for full use of Measure in any year where revenue exceeds need in a program; allows Board flexibility for efficient delivery	Could delay projects ready to proceed while money accumulates; does not allow flexibility for SANBAG Board to focus funding toward efficient delivery Increased administrative burden to ensure all programs receive apportionment per Expenditure Plan at the end of the Measure

Valley Major Streets Program				
Process	Description/Options		Pro	Con
Allocation Distribution of funds from the Program apportionment to either a specific project or jurisdiction	<u>OPTION 1:</u> Allocation, or distribution, of apportionment is based on the public share costs identified in the SANBAG Nexus Study. The percentage distribution to each jurisdiction is constant throughout the Measure. <u>OPTION 2:</u> Allocation, or distribution, of apportionment is based on the public share costs identified in the CPNA for that fiscal year. The percentage distribution and the jurisdictions or projects receiving allocations changes annually based on need. <u>OPTION 3:</u> Allocation is made through a call for projects	Simplified administration; allows local jurisdictions to project revenues available; allows for local prioritization Distribution is based on immediate need; if Program apportionment is less than need, all projects will be affected equally; allows for local prioritization Projects that are "ready-to-go" will likely receive full allocations	Does not consider need – could tie up unneeded funds causing delay to other projects; does not correlate to CPNA that may be used to size Program If Program apportionment does not meet need, not all projects will receive full funding; projects not proceeding on schedule can tie up funds that could be available for other projects Funds may not be available for last projects "in"; requires prioritization by SANBAG across jurisdictions	
Sub-Allocation	<u>OPTION 1:</u> Allocate funds to jurisdictions through project-specific agreements, i.e., unique contracts for each project in the Program <u>OPTION 2:</u> Allocate funds to jurisdictions through jurisdiction master agreements that are amended annually, i.e., one contract with each jurisdiction that specifies the total amount of Program funds available to each jurisdiction	Clearly delineates the funding available for each project Minimizes the administrative burden for both SANBAG and local jurisdictions	Complex administration because of sheer number of projects in the Program	
Expenditure	Expenditure authorization can be monitored in the following ways: <u>OPTION 1:</u> Limit expenditure authorization amount to current apportionment balance.	SANBAG makes no commitment of future Measure I revenue	May result in multiple administrative actions for each phase of work as more funds become available; could delay projects unless local jurisdiction can fill any funding gaps	

Process		Description/Options		Pro	Con
Expenditure (cont.)		<p><u>OPTION 2:</u> Allow for full expenditure of public share cost of the phase but limit reimbursement to the total apportionment balance (similar to the Project Advancement strategy when costs exceed apportionment balance)</p> <p>Expenditure payment can be administered in the following ways:</p> <p><u>OPTION 1:</u> Local jurisdictions expend funds through a progress invoice reimbursement process</p> <p><u>OPTION 2:</u> SANBAG issues a check to the local jurisdiction for the amount allocated to either the jurisdiction or a project, as discussed above in "sub-allocation"</p>		<p>Provides commitment to fully fund identified public share of authorized phase; requires only one authorization per phase</p> <p>Ensures project maintains minimum development fair share per Nexus Study and Expenditure Plan; SANBAG retains more control over timely use of funds</p> <p>Reduces invoicing/administrative burden for both SANBAG and local jurisdiction; doesn't require local jurisdiction to have sufficient funds to "front" project costs while waiting for reimbursement</p>	<p>No assurance of date of full funding to local jurisdiction (similar to project advancement)</p> <p>More complex invoicing/administration for SANBAG and jurisdiction; may require audit spot checks to check that development fees are being used</p> <p>Difficult for SANBAG to guarantee fiduciary responsibility in expenditure of Measure funds; requires detailed audit of local expenditures to verify minimum fair shares; public share of project costs may include State or federal funds that are not available through a grant process; minimizes ability to use "timely use of funds" tactics to ensure efficient use of funds</p>
	Loan Options	<ul style="list-style-type: none"> Loans of fair share amounts may be transacted: <ol style="list-style-type: none"> through documented intra-jurisdictional fund-sharing (audit provisions may apply), in the case of railroad grade separations, with SANBAG, by agreement between SANBAG and the lead jurisdiction. The terms of this grade separation-specific loan must be approved by the SANBAG Board. 			

Process		Description/Options		Pro	Con
Identification of Needs	Measure 1 Ordinance does not specify Board adoption of five-year plans for the Valley Interchange Program. However, staff recommends the use of CPNAs to determine the needs of local jurisdictions for Interchange Program funds. Preparation of the CPNA will be the responsibility of the jurisdictions selected as lead jurisdiction for the project.				
Apportionment	Funds directed by the SANBAG Board to the particular Measure 1 2010-2040 Programs	SANBAG Board identifies annual apportionment to each program. Annual apportionment levels can be based on: <u>OPTION 1:</u> Percentage distribution contained in the Measure 1 2010-2040 Expenditure Plan <u>OPTION 2:</u> Revenue projections and overall Measure 1 program needs as compared to Valley Interchange Program needs identified in CPNA (Board may or may not be able to fully fund needs in the annual apportionment)	Minimizes administrative burden of tracking loans between programs; more reliable for local jurisdiction planning Allows for full use of Measure in any year where revenue exceeds need in a program; allows Board flexibility for efficient delivery	Could delay projects ready to proceed while money accumulates; does not allow flexibility for SANBAG Board to focus funding toward efficient delivery Increased administrative burden to ensure all programs receive apportionment per Expenditure Plan at the end of the Measure	
Prioritization		<u>OPTION 1:</u> The SANBAG Board will develop a list of interchanges that will receive priority in both apportionment and allocation because of the impact of those interchanges on the ability to deliver mainline projects. This does not preclude other interchanges from eligibility for funding, provided adequate funds are available. <u>OPTION 2:</u> All interchanges will be viewed equally in apportionment and allocation decisions with funding priorities guided by CPNAs.	Minimizes possibility that interchange construction will delay mainline construction Provides assurance for local jurisdictions that funds may be available for local priorities that are included in the Five-Year CIP	Local priorities may not be consistent with regional priorities; could result in delay of projects ready for construction unless additional revenue is made available through bonding or increases in apportionment May result in delay to implementation of mainline construction	

Valley Interchange Program

Process		Description/Options		Pro	Con
Allocation	Distribution of funds from the Program apportionment to either a specific project or jurisdiction	<p><u>OPTION 1:</u> Allocation, or distribution, of apportionment is based on the public share costs identified in the SANBAG Nexus Study. The percentage distribution to each interchange is constant throughout the Measure.</p> <p><u>OPTION 2:</u> Interchange Program annual apportionment is assigned by interchange based on the public share costs identified in the CPNA for that fiscal year. Apportionments are tracked by interchange and will accumulate for each interchange over time.</p>	<p>If annual apportionments are less than the need identified in the CPNA, all interchanges under development will be affected equally (if there are priority interchanges, they will receive full funding and other interchanges will receive proportionately less). Provides assurance to jurisdiction that funds will be available when the project is ready for allocation</p>	<p>Not a viable alternative – would take entire Measure to accumulate funds for every interchange</p> <p>If annual apportionments are less than the need identified in the CPNA, none of the interchanges receiving apportionments will be able to receive full allocation initially (unless there are priority interchanges, which would receive full allocations with other interchanges receiving proportionately less); projects that are not proceeding on schedule can tie up funds that could be available for other projects</p>	
		<p><u>OPTION 3:</u> Interchange Program annual apportionment is assigned to an overall Interchange “account” (i.e., not assigned to a specific interchange). Interchanges included in the CPNA are eligible for allocation of funds from this account on a project-readiness basis.</p>	<p>Projects that are “ready-to-go” will likely receive full allocations</p>	<p>If annual apportionments are less than the need identified in the CPNA, the last projects requesting allocations may be denied because of lack of apportionment balance</p>	
Sub-Allocation		<p>Because interchanges require participation of multiple jurisdictions, apportionments should be allocated by project rather than by jurisdiction. The jurisdiction selected as lead jurisdiction will enter into an interchange-specific agreement with SANBAG and will be responsible for collecting any development fair share costs required by participating jurisdictions.</p> <p>If SANBAG is the lead agency for an interchange project, SANBAG enter into agreements with each of the participating jurisdictions and will bill those jurisdictions for the development fair share costs in accordance with the agreement. SANBAG may also charge project management fees.</p>			

Valley Interchange Program

Process	Description/Options	Pro	Con
Expenditure	<p>Expenditure authorization can be monitored in the following ways:</p> <p><u>OPTION 1:</u> Limit expenditure authorization amount to current apportionment balance.</p> <p><u>OPTION 2:</u> Allow for full expenditure of public share cost of the phase but limit reimbursement to the total apportionment balance (similar to the Project Advancement strategy when costs exceed apportionment balance)</p> <p>Expenditure payment can be administered in the following ways:</p> <p><u>OPTION 1:</u> Local jurisdictions expend funds through a progress invoice reimbursement process</p> <p><u>OPTION 2:</u> SANBAG issues a check to the local jurisdiction for the amount allocated to either the jurisdiction or a project, as discussed above in "sub-allocation"</p>	<p>SANBAG makes no commitment of future Measure I revenue</p> <p>Provides commitment to fully fund identified public share of authorized phase; requires only one authorization per phase</p> <p>Ensures project maintains minimum development fair share per Nexus Study and Expenditure Plan; SANBAG retains more control over timely use of funds</p> <p>Reduces invoicing/administrative burden for both SANBAG and local jurisdiction; doesn't require local jurisdiction to have sufficient funds to "front" project costs while waiting for reimbursement</p>	<p>May result in multiple administrative actions for each phase of work as more funds become available; could delay projects unless local jurisdiction can fill any funding gaps</p> <p>No assurance of date of full funding to local jurisdiction (similar to project advancement)</p> <p>More complex invoicing/administration for SANBAG and jurisdiction; may require audit spot checks to check that development fees are being used</p> <p>Difficult for SANBAG to guarantee fiduciary responsibility in expenditure of Measure funds; requires detailed audit of local expenditures to verify minimum fair shares; public share of project costs may include State or federal funds that are not available through a grant process; minimizes ability to use "timely use of funds" tactics to ensure efficient use of funds</p>

Valley Interchange Program		Description/Options		Pro	Con
Expenditure Process (Local Jurisdiction Lead)		<ul style="list-style-type: none"> Jurisdiction is authorized to receive funds up to the amount allocated. Measure 1 funds will be paid consistent with the public share percentage that is established for the phase of work, up to the current cumulative apportionment for the interchange. Needs in excess of cumulative apportionment must be deferred until additional apportionment is available (similar to Federal "advance construction" process) Lead jurisdiction is responsible for fair share portion of cost, at a minimum, and will need to bill other participating local jurisdictions for their fair share amounts unless other arrangements have been made (see loan options). Cumulative fair share expenditures cannot drop below percentage identified in Nexus Study for each specific phase of each interchange. If total expended funds at project completion are less than the allocation for the interchange, the excess allocation will be returned to the Valley Interchange apportionment fund. If it is clear that the expenditures will exceed the available allocation for the phase, jurisdiction may continue with the project but will need to apply to SANBAG to have the allocation increased. SANBAG cannot guarantee that the additional funds will be available. 			
Expenditure Process (SANBAG Lead by Agreement with Local Jurisdictions)		<ul style="list-style-type: none"> SANBAG may include project management costs in invoicing to local jurisdictions, the terms of which must be approved by the SANBAG Board. SANBAG will track invoices and will bill local jurisdictions for their fair share amount on a monthly or quarterly basis. Jurisdictions failing to pay their fair share may require SANBAG to force a loan from the local jurisdiction Valley Major Streets apportionment, to be repaid with development mitigation dollars, unless other arrangements have been made with SANBAG (see loan options). SANBAG may expend funds on the interchange project only up to the amount of funds allocated to that interchange. If total expended funds at project completion are less than the allocation for the interchange, the excess allocation will be returned to the Valley Interchange apportionment fund. 			

Valley Interchange Program		Process	Description/Options	Pro	Con
Loan Options			<ul style="list-style-type: none"> Where the interchange requires fair shares from two or more jurisdictions, jurisdictions may mutually agree to adjust the fair share amounts as long as the total fair share is maintained. For example, fair shares could be “swapped” between interchanges to simplify the accounting for fair shares (e.g. jurisdiction A could be completely responsible for interchange X, and jurisdiction B could be completely responsible for interchange Y). These changes would be reflected in a Nexus Study amendment. Loans of fair share amounts may be transacted: <ol style="list-style-type: none"> through documented intra-jurisdictional fund-sharing (audit provisions may apply), between lead and cooperating local jurisdictions (if local jurisdiction is lead agency), or with SANBAG, by agreement between SANBAG, the lead jurisdiction, and the loan applicant. The terms of this interchange-specific loan must be approved by the SANBAG Board. 		

APPENDIX B

SANBAG Development Mitigation Nexus Study
Minimum Development Contribution Fair Share Percentages

Table 1. Development Share Costs for Valley Major Streets Program for Cities
(through year 2030, \$ in millions)

Jurisdiction	Development Share (Ratio of Trip Growth to 2030 Trips)	2005 Total Art. Cost	2005 Devel Share of Total Art. Cost	2005 Devel. Share Of RR Grade Sep. Cost	2005 Devel. Share of Total Cost
Chino	51%	\$103.74	\$52.72	\$0.00	\$52.72
Chino Hills	14%	\$23.45	\$3.21	\$0.00	\$3.21
Colton	44%	\$41.41	\$18.04	\$9.73	\$27.77
Fontana	32%	\$263.57	\$84.61	\$2.61	\$87.22
Grand Terrace	40%	\$21.32	\$8.51	\$3.67	\$12.18
Highland	46%	\$108.59	\$50.40	\$0.00	\$50.40
Loma Linda	39%	\$61.43	\$23.85	\$3.22	\$27.07
Montclair	19%	\$6.80	\$1.29	\$1.62	\$2.91
Ontario	44%	\$203.50	\$90.32	\$20.47	\$110.79
Rancho Cuc.	29%	\$67.78	\$19.45	\$2.32	\$21.77
Redlands	23%	\$65.73	\$15.19	\$0.15	\$15.34
Rialto	40%	\$76.67	\$31.03	\$0.00	\$31.03
San Bernardino	32%	\$106.91	\$34.62	\$9.16	\$43.78
Upland	48%	\$22.83	\$11.02	\$0.00	\$11.02
Yucaipa	31%	\$99.67	\$30.80	\$0.00	\$30.80
Total	35%	\$1,273.40	\$475.06	\$52.95	\$528.01

Table 2. Development Share Costs for Valley Major Streets Program for Sphere Areas
(through year 2030, \$ in millions)

Jurisdiction	Development Share (Ratio of Trip Growth to 2030 Trips)	2005 Total Art Cost	2005 Devel Share of Total Art. Cost	2005 Devel. Share of RR Grade Sep. Cost	2005 Devel. Share of Total Cost
Chino Sphere	37%	\$21.07	\$7.73	\$0.00	\$7.73
Colton Sphere	37%	\$6.10	\$2.27	\$0.00	\$2.27
Devore/Glen Helen	62%	\$16.51	\$10.27	\$4.19	\$14.46
Fontana Sphere	42%	\$49.52	\$20.70	\$0.00	\$20.70
Loma Linda Sphere	72%	\$0.00	\$0.00	\$0.00	\$0.00
Montclair Sphere	37%	\$17.05	\$6.24	\$0.00	\$6.24
Redlands Sphere	36%	\$21.93	\$7.79	\$0.00	\$7.79
Redlands Donut Hole	62%	\$0.00	\$0.00	\$0.00	\$0.00
Rialto Sphere	38%	\$43.58	\$16.75	\$0.00	\$16.75
San Bernardino Sphere	23%	\$11.32	\$2.62	\$0.00	\$2.62
Upland Sphere	39%	\$12.65	\$4.89	\$0.00	\$4.89
Yucaipa Sphere	40%	\$0.42	\$0.17	\$0.00	\$0.17
Total	44%	\$200.15	\$79.43	\$4.19	\$83.62

Table 3a. Interchanges along SR-60
Estimate of Development's Percent Fair Share of Interchange Costs

Interchange @ SR-60	Ratio of Growth to 2030 in Traffic Shed	2005 Cost (\$Mill)	Chino	Chino Sphere	Montclair	Montclair Sphere	Ontario	Sum of Percentages
Ramona	31.3%	\$23.71	53.6%	16.7%	7.7%	22.0%		100%
Central	58.8%	\$23.71	91.7%	0.9%	0.6%	6.7%		100%
Mountain	46.2%	\$20.32	49.6%				50.4%	100%
Euclid	44.5%	\$5.65	43.0%				57.0%	100%
Grove	48.3%	\$39.52	1.2%				98.8%	100%
Vineyard	60.3%	\$39.52	6.7%				93.3%	100%
Archibald	66.1%	\$5.65					100.0%	100%

Table 3b. Interchanges along SR-60
Estimate of Development's Fair Share of Interchange Costs
(\$ in millions)

Interchange @ SR-60	Ratio of Growth to 2030 in Traffic Shed	2005 Cost	Chino	Chino Sphere	Montclair	Montclair Sphere	Ontario	Sum of Fair Shares
Ramona	31.3%	\$23.71	\$3.98	\$1.24	\$0.57	\$1.63		\$7.42
Central	58.8%	\$23.71	\$12.78	\$0.13	\$0.08	\$0.93		\$13.93
Mountain	46.2%	\$20.32	\$4.66				\$4.73	\$9.39
Euclid	44.5%	\$5.65	\$1.08				\$1.43	\$2.51
Grove	48.3%	\$39.52	\$0.23				\$18.86	\$19.09
Vineyard	60.3%	\$39.52	\$1.60				\$22.23	\$23.83
Archibald	66.1%	\$5.65					\$3.73	\$3.73
Total		\$158.06	\$24.32	\$1.36	\$0.66	\$2.57	\$50.98	\$79.89

**Table 4a. Interchanges along I-10 from LA County Line to I-15
Estimate of Development's Percent Fair Share of Interchange Costs**

Interchange @ I-10	Ratio of Growth to 2030 in Traffic Shed	2005 Cost (\$Mill)	Montclair	Upland	Upland Sphere	Ontario	Rancho Cucamonga	Sum of Percentages
Monte Vista	24.1%	\$22.58	73.5%	2.2%	24.3%			100%
Grove/4th	17.1%	\$60.97		13.7%		63.7%	22.6%	100%
Euclid	17.4%	\$6.77		60.0%		40.0%		100%

**Table 4b. Interchanges along I-10 from LA County Line to I-15
Estimate of Development's Fair Share of Interchange Costs
(\$ in millions)**

Interchange @ I-10	Ratio of Growth to 2030 in Traffic Shed	2005 Cost	Montclair	Upland	Upland Sphere	Ontario	Rancho Cucamonga	Sum of Fair Shares
Monte Vista	24.1%	\$22.58	\$4.00	\$0.12	\$1.32			\$5.44
Grove/4th	17.1%	\$60.97		\$1.43		\$6.64	\$2.36	\$10.43
Euclid	17.4%	\$6.77		\$0.71		\$0.47		\$1.18
Total		\$90.32	\$4.00	\$2.26	\$1.32	\$7.11	\$2.36	\$17.05

Table 5a. Interchanges along I-10 from I-15 to I-215
Estimate of Development's Percent Fair Share of Interchange Costs

Interchange @ I-10	Ratio of Growth to 2030 in Traffic Shed	2005 Cost (\$Mill)	Federal Earmarks	Fontana	Fontana Sphere	Rialto	Rialto Sphere	Colton	Colton Sphere	San Bernardino	Sum of Percentages
Cherry	35.4%	\$38.95		36.0%	64.0%						100%
Beech	50.0%	\$30.48		63.5%	36.5%						100%
Citrus*	38.4%	\$40.19	(\$2.4)	99.4%	0.6%						100%
Alder	50.0%	\$30.14		71.2%			28.8%				100%
Cedar	30.0%	\$30.48		12.3%		14.2%	73.5%				100%
Riverside	27.4%	\$45.16	(\$2.0)			65.8%	7.9%	26.2%			100%
Pepper	34.0%	\$30.03					1.8%	91.9%	2.2%	4.1%	100%
Mt. Vernon	5.1%	\$28.23						100.0%			100%

Table 5b. Interchanges along I-10 from I-15 to I-215
Estimate of Development's Fair Share of Interchange Costs
(\$ in millions)

Interchange @ I-10	Ratio of Growth to 2030 in Traffic Shed	2005 Cost	Federal Earmarks	Fontana	Fontana Sphere	Rialto	Rialto Sphere	Colton	Colton Sphere	San Bernardino	Sum of Fair Shares
Cherry	35.4%	\$38.95		\$4.96	\$8.82						\$13.79
Beech	50.0%	\$30.48		\$9.68	\$5.56						\$15.24
Citrus*	38.4%	\$40.19	(\$2.4)	\$14.43	\$0.09						\$14.52
Alder	50.0%	\$30.14		\$10.73			\$4.34				\$15.07
Cedar	30.0%	\$30.48		\$1.12		\$1.30	\$6.72				\$9.14
Riverside	27.4%	\$45.16	(\$2.0)			\$7.78	\$0.93	\$3.10			\$11.81
Pepper	34.0%	\$30.03					\$0.18	\$9.38	\$0.22	\$0.42	\$10.21
Mt. Vernon	5.1%	\$28.23						\$1.44			\$1.44
Total		\$273.67	(\$4.40)	\$40.92	\$14.48	\$9.08	\$12.18	\$13.92	\$0.22	\$0.42	\$91.23

**Table 6a. Interchanges along I-10 from I-215 to Riverside County Line
Estimate of Development's Percent Fair Share of Interchange Costs**

Interchange @ I-10	Ratio of Growth to 2030 in Traffic Shed	2005 Cost (\$Mill)	San Bernardino	Loma Linda	Loma Linda Sphere	Redlands	Donut Hole	Redlands Sphere	Yucaipa	Sum of Percentages
Tippecanoe	34.6%	\$45.16	50.0%	50.0%						100%
Mt. View	37.8%	\$45.16	20.0%	70.0%	6.1%	3.9%				100%
California	47.8%	\$39.52		37.9%	22.4%	14.6%	25.2%			100%
Alabama	50.5%	\$23.71				34.9%	65.1%			100%
University	17.9%	\$4.52				100.0%				100%
Wabash	35.8%	\$23.71				12.5%		87.5%		100%
Live Oak	37.0%	\$18.00				1.0%			99.0%	100%
Wildwood	50.0%	\$28.23							100.0%	100%

**Table 6b. Interchanges along I-10 from I-215 to Riverside County Line
Estimate of Development's Fair Share of Interchange Costs
(\$ in millions)**

Interchange @ I-10	Ratio of Growth to 2030 in Traffic Shed	2005 Cost	San Bernardino	Loma Linda	Loma Linda Sphere	Redlands	Donut Hole	Redlands Sphere	Yucaipa	Sum of Fair Shares
Tippecanoe	34.6%	\$45.16	\$7.81	\$7.81						\$15.63
Mt. View	37.8%	\$45.16	\$3.41	\$11.95	\$1.04	\$0.67				\$17.07
California	47.8%	\$39.52		\$7.16	\$4.23	\$2.76	\$4.76			\$18.91
Alabama	50.5%	\$23.71				\$4.18	\$7.79			\$11.97
University	17.9%	\$4.52				\$0.81				\$0.81
Wabash	35.8%	\$23.71				\$1.06		\$7.43		\$8.49
Live Oak	37.0%	\$18.00				\$0.07			\$6.59	\$6.66
Wildwood	50.0%	\$28.23							\$14.11	\$14.11
Total		\$227.99	\$11.23	\$26.92	\$5.27	\$9.54	\$12.55	\$7.43	\$20.71	\$93.64

**Table 7a. Interchanges along I-15 from Riverside County Line to Devore Interchange
Estimate of Development's Percent Fair Share of Interchange Costs**

Interchange @ I-15	Ratio of Growth to 2030 in Traffic Shed	2005 Cost (\$Mill)	Federal Earmarks	Fontana	Fontana Sphere	Rancho Cucamonga	Rialto	Rialto Sphere	Sum of Percentages
6th/Arrow	50.0%	\$32.74			10.1%	90.0%			100%
Baseline	50.0%	\$20.32	(\$4.0)	33.4%		66.6%			100%
Duncan Cyn.	77.3%	\$20.32		79.0%	21.0%				100%
Sierra	80.3%	\$11.29		27.9%	1.4%		64.5%	6.1%	100%

**Table 7b. Interchanges along I-15 from Riverside County Line to Devore Interchange
Estimate of Development's Fair Share of Interchange Costs
(\$ in millions)**

Interchange @ I-15	Ratio of Growth to 2030 in Traffic Shed	2005 Cost	Federal Earmarks	Fontana	Fontana Sphere	Rancho Cucamonga	Rialto	Rialto Sphere	Sum of Fair Shares
6th/Arrow	50.0%	\$32.74			\$1.65	\$14.73			\$16.39
Baseline	50.0%	\$20.32	(\$4.0)	\$2.73		\$5.44			\$8.16
Duncan Cyn.	77.3%	\$20.32		\$12.41	\$3.30				\$15.71
Sierra	80.3%	\$11.29		\$2.53	\$0.13		\$5.85	\$0.55	\$9.06
Total		\$84.68	(\$4.00)	\$17.67	\$5.08	\$20.17	\$5.85	\$0.55	\$49.31

**Table 8a. Interchanges along I-215 from Riverside County Line to Devore Interchange
Estimate of Development's Percent Fair Share of Interchange Costs**

Interchange @ I-215	Ratio of Growth to 2030 in Traffic Shed	2005 Cost (\$Mill)	Rialto Sphere	San Bernardino	San Bernardino Sphere	Sum of Percentages
University	15.8%	\$25.97	2.2%	43.0%	55.0%	100%
Pep/Lind	50.0%	\$45.16		100.0%		100%
Palm	35.7%	\$9.03		50.0%	50.0%	100%

**Table 8b. Interchanges along I-215 from Riverside County Line to Devore Interchange
Estimate of Development's Fair Share of Interchange Costs
(\$ in millions)**

Interchange @ I-215	Ratio of Growth to 2030 in Traffic Shed	2005 Cost	Rialto Sphere	San Bernardino	San Bernardino Sphere	Sum of Fair Shares
University	15.8%	\$25.97	\$0.09	\$1.76	\$2.26	\$4.11
Pep/Lind	50.0%	\$45.16	\$0.00	\$22.58	\$0.00	\$22.58
Palm	35.7%	\$9.03		\$1.61	\$1.61	\$3.22
Total		\$80.16	\$0.09	\$25.96	\$3.87	\$29.92

**Table 9a. Interchanges along SR-210 from I-215 to I-10
Estimate of Development's Percent Fair Share of Interchange Costs**

Interchange @ SR-210	Ratio of Growth to 2030 in Traffic Shed	2005 Cost (\$Mill)	San Bernardino	San Bernardino Sphere	Redlands	Highland	Sum of Percentages
Waterman	18.2%	\$45.16	100.0%				100%
Del Rosa	32.8%	\$31.61	63.0%	9.0%		28.0%	100%
Victoria	45.0%	\$0.00	57.4%			42.6%	100%
Baseline	41.9%	\$15.81				100.0%	100%
5th	44.1%	\$15.81	5.2%		1.4%	93.4%	100%

**Table 9b. Interchanges along SR-210 from I-215 to I-10
Estimate of Development's Fair Share of Interchange Costs
(\$ in millions)**

Interchange @ SR-210	Ratio of Growth to 2030 in Traffic Shed	2005 Cost	San Bernardino	San Bernardino Sphere	Redlands	Highland	Sum of Fair Shares
Waterman	18.2%	\$45.16	\$8.22				\$8.22
Del Rosa	32.8%	\$31.61	\$6.53	\$0.93		\$2.90	\$10.37
Victoria	45.0%	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
Baseline	41.9%	\$15.81				\$6.62	\$6.62
5th	44.1%	\$15.81	\$0.36		\$0.10	\$6.51	\$6.97
Total		\$108.38	\$15.11	\$0.93	\$0.10	\$16.04	\$32.18

Measure I 2010-2040

Issues Related to I-10 Interchange and Auxiliary Lane Projects

Objective: Consensus on whether or not to combine the I-10/Cherry Avenue Interchange, the I-10/Citrus Interchange, and CMIA-funded I-10 Auxiliary Lane Projects into a single larger project.

Over the last several years, the City of Fontana has made steady progress on project development work that would lead to the reconstruction of the I-10/Citrus Avenue Interchange. The environmental document and preliminary engineering is nearly complete with a final approved environmental document anticipated before the end of 2007. Similarly, the County of San Bernardino has made steady progress on project development activities for the I-10 Cherry Avenue Interchange with a final approved environmental document expected by early spring 2008. The next phase of work for both of these interchanges is final design which is expected to take 18-24 months. Both the County and the City have set aside local resources to fund the next phase of work. These two interchanges were key components of SANBAG's I-10 Widening and Interchanges project submitted for CMIA funding.

Generally during this same time period Caltrans District 8 Planning was developing a Project Study Report (PSR) for a project that would add auxiliary lanes and widen interchange ramps on I-10 at Cherry Avenue, Citrus Avenue, and Cedar Avenue to improve I-10 mainline traffic operations and create more capacity at these undersized ramp locations. The PSR was completed and Caltrans District 8 submitted the project for CMIA funding. While Caltrans requested CMIA funding for the entire project cost, the California Transportation Commission allocated only \$19.2 million. In an effort to make up some of the shortfall in the \$32.7 million project, the SANBAG Board agreed to contribute \$4.4 million of available 2006 STIP Augmentation funds to the project and Caltrans identified State Highway Operation and Protection Program (SHOPP) funds to fully fund all phases of the project. The Caltrans project has only just initiated the environmental process but since all the improvements are within State right of way and are considered only "operational" in nature, Caltrans expects to be able to environmentally clear this project with a low level environmental document that would be completed in early 2008.

Assuming the final approved environmental document for all three projects are completed on schedule, with all three being approved within six months of each other, it is prudent to consider combining the three projects into one larger project that would proceed to construction in Spring 2010. Combining the projects into one has a number of merits as the project could benefit from some economies of scale. In addition, a combined project eliminates contractor conflict that would arise if the three projects proceeded independently, minimizes "throw-away" costs, and potentially accelerates the completion of the interchanges as they will have to meet aggressive timelines established for the Caltrans I-10 Auxiliary Lane project in the CMIA delivery agreement. SANBAG staff has had preliminary discussions with County, Fontana, and Caltrans staff with the consensus being that combining the three projects with SANBAG taking over lead agency responsibilities to finish project development and construct the projects is in the best interest of the project.

While this concept is relatively simple it will require a series of cooperative agreements between SANBAG and the two local jurisdictions and SANBAG and Caltrans. The principle elements of the cooperative agreements with the local jurisdictions would be the two agencies agreeing to fund the final design costs, with the public share portion to be repaid from Measure I 2010-2040 revenues per the SANBAG Nexus Study, and SANBAG agreeing to act as lead agency through final design and construction. SANBAG, in consultation with the County, Fontana, and Caltrans, would select a design consultant that would be responsible for performing final design for both the I-10/Cherry and I-10/Citrus interchanges in coordination with the Caltrans design for the I-10 Auxiliary Lanes project and preparing a final bid package that combines the three projects.

The reason this item is before the Board as part of the Measure I 2010-2040 Strategic Plan is that upon completion of the bid package in early spring 2010, SANBAG would need to proceed with advertising for construction of this project that will have an engineer's estimate in the \$100-\$125 million range. The CMIA-funded I-10 Auxiliary Lane project brings about \$29 million to the overall project. Measure I 2010-2040 along with development mitigation required by the SANBAG Nexus Study would fully fund the two interchanges' share of the cost but those new revenues will have only just started thus, absent some sort short-term financing to fund construction costs, the project could not proceed.

There may be other funding sources that would contribute to the project, including Proposition 1B programs such as the Trade Corridors Improvement Fund or the State-Local Partnership Program. However, given the competitive nature of these and other Prop 1B programs there are certainly no guarantees that 1B funds will be allocated to the project. Another possible revenue source would be federal funds that could be earmarked for the project through the reauthorization of SAFETEA-LU, but like Prop 1B funds, substantial federal funds for the project are no "sure-thing." Given the unknowns of other funding sources and the importance of delivering the project on a schedule consistent with the CMIA delivery agreement, should the Board desire to combine the projects for the purpose of design it must also recognize that it is probable that some sort of debt-financing instrument will need to be developed and implemented in anticipation of the project proceeding to construction in Spring 2010.

NEXT STEPS ASSUMING BOARD CONSENSUS TO COMBINE PROJECTS

1. The SANBAG Board must approve cooperative agreements with affected entities ensuring funding for design services and establishing agency responsibilities.
2. The SANBAG Board must approve initiating a procurement (RFQ) process to select consultant design firm.

Supporting Documentation

MEASURE "I"

SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY ORDINANCE NO. 04-01

AN ORDINANCE PROVIDING FOR THE CONTINUATION OF A ONE-HALF OF ONE PERCENT RETAIL TRANSACTIONS AND USE TAX BY THE SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY FOR LOCAL TRANSPORTATION PURPOSES AND THE TRANSPORTATION EXPENDITURE PLAN

PREAMBLE

This one-half of one percent retail transactions and use tax is statutorily dedicated for transportation planning, design, construction, operation and maintenance only in San Bernardino County and cannot be used for other governmental purposes or programs. There are specific safeguards in this Ordinance to ensure that funding from the Measure "I" one-half of one percent transactions and use tax is used in accordance with the specified voter-approved transportation project improvements and programs. These safeguards include:

- The specific projects and programs included in the Expenditure Plan will be funded by revenue raised by this transactions and use tax. The transportation Expenditure Plan can be changed only upon approval by a majority of all cities in the County representing a majority of the incorporated population and approval by the San Bernardino County Board of Supervisors.
- An Independent Taxpayer Oversight Committee is created to provide for citizen review to ensure that all Measure "I" funds are spent in accordance with provisions of the Expenditure Plan and Ordinance.
- Continuation of San Bernardino County's one-half of one percent transactions and use tax is for transportation programs only and is not intended to replace traditional revenues generated through locally-adopted development fees and assessment districts. Collection of the one-half of one percent transactions and use tax will start upon the expiration of the Existing Tax.
- The San Bernardino County Transportation Authority will continue to seek maximum funding for transportation improvements through State and federal programs. The Authority will not provide transactions and use tax revenue to any city or to the County unless all transportation revenues currently used by that agency are continued to be used for transportation purposes.

The San Bernardino County Transportation Authority ordains as follows:

SECTION I. SUMMARY. This Ordinance provides for the continued imposition of a retail transactions and use tax of one-half of one percent for local transportation purposes for a period of thirty (30) years, the authority to issue limited tax bonds secured by such taxes, the administration of the tax proceeds and a county transportation Expenditure Plan.

SECTION II. MANDATED TAXPAYER SAFEGUARDS.

A. Independent Taxpayer Oversight Committee. Beginning on April 1, 2010, an Independent Taxpayer Oversight Committee will be established as specified in Exhibit B of this Ordinance to provide citizen review and to ensure that all Measure "I" funds are spent in accordance with provisions of the Expenditure Plan and Ordinance. Exhibit B contains the specific terms and conditions for an Independent Taxpayer Oversight Committee and its review of periodic independent financial audits.

B. Administrative Costs. The Authority shall expend only that amount of funds generated from the tax that is necessary and reasonable to carry out its responsibilities for audit, administrative expenses, staff support, and contract services. In no case shall the funds expended for salaries and benefits exceed one percent (1%) of the annual net amount of revenue raised by the tax.

C. Maintenance of Effort. The Authority, by the enactment of this Ordinance, intends the additional funds provided government agencies by this measure to supplement existing local revenues being used for street and highway purposes. Transactions and use tax revenue shall not be used to replace existing road funding programs or to replace requirements for new development to provide for its own road needs. Under this Measure, funding priorities should be given to addressing current road needs, easing congestion, and improving roadway safety.

The government agencies shall maintain their existing commitment of transportation funds for street, highway and public transit purposes, and the Authority shall enforce this provision by appropriate actions, including fiscal audits of the local agencies.

SECTION III. DEFINITIONS. The following definitions shall apply in this Ordinance:

A. "The Expenditure Plan" means the San Bernardino County Transportation Authority Expenditure Plan (attached as Exhibit A and adopted as part of this Ordinance) including any future amendments thereto.

B. "County" means the County of San Bernardino.

C. "Authority" means the San Bernardino County Transportation Authority. The San Bernardino County Transportation Commission has been designated to serve as the Authority under the provisions of Public Utilities Code Section 180050.

D. "Existing Tax" means the one-half of one percent retail transactions and use tax adopted pursuant to Ordinance No. 89-01 and Ordinance No. 90-01.

SECTION IV. AUTHORITY. This Ordinance is enacted, pursuant to the provisions of Division 19 (commencing with Section 180000) of the Public Utilities Code, and Section 7252.16 of the Revenue and Taxation Code.

SECTION V. CONTINUED IMPOSITION OF RETAIL TRANSACTIONS AND USE TAX.

Upon voter approval of Measure "I," the Authority shall continue to impose, in the incorporated and unincorporated territory of the County of San Bernardino, a transactions and use tax for transportation purposes (referred to as "the tax") at the rate of one-half of one percent (0.5%) for a period of thirty (30) years beginning April 1, 2010. There shall be no coincidental assessment of the current tax (which will expire on March 31, 2010) and the tax to be imposed pursuant to this Ordinance. The tax shall be imposed by the Authority in accordance with Section 180201 of the

Public Utilities Code and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code. The provisions of Revenue and Taxation Code Sections 7261 and 7262 are incorporated herein by reference as though fully set forth herein. The tax shall be in addition to any other taxes authorized by law, including any existing or future state or local sales tax or transactions and use tax.

SECTION VI. PURPOSES. Revenues from the tax shall be used for transportation purposes only and may include, but are not limited to, the administration of this division, including legal actions related thereto and costs of the initial preparation and election, the construction, maintenance, improvements, and operation of local streets, roads, and highways, state highways and freeways, public transit systems including rail, and related purposes. These purposes include expenditures for planning, environmental reviews, engineering and design costs, and related right-of-way acquisition. Expenditures also include, but are not limited to, debt service on bonds and expenses in connection with issuance of bonds.

SECTION VII. RETURN TO SOURCE. After deduction of required Board of Equalization fees and authorized administrative costs, revenues generated from each specified subarea within San Bernardino County as outlined in the Expenditure Plan will be expended on projects of direct benefit to that subarea. Revenues will be accounted for separately for each subarea and then allocated to specified project categories in each subarea. Decisions on how revenues are expended within the subareas will be made by the Authority Board of Directors, based upon recommendations of local representatives. Other than the projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea shall be expended outside of that subarea only upon approval of two-thirds (2/3) of the jurisdictions within the affected subarea.

SECTION VIII. CONTRIBUTIONS FROM NEW DEVELOPMENT. No revenue generated from the tax shall be used to replace the fair share contributions required from new development. Each local jurisdiction identified in the Development Mitigation Program must adopt a development financing mechanism within 24 months of voter approval of this Measure "I" that would:

1. Require all future development to pay its fair share for needed transportation facilities as a result of the development, pursuant to California Government Code Section 66000 et seq. and as determined by the Congestion Management Agency.
2. Comply with the Land Use/Transportation Analysis and Deficiency Plan provisions of the Congestion Management Program pursuant to California Government Code Section 65089.

The Congestion Management Agency shall require fair share mitigation for regional transportation facilities through a Congestion Management Program update to be approved within 12 months of voter approval of this Measure "I."

SECTION IX. ADMINISTRATION OF PLANS. The Authority shall impose and collect the tax, and shall administer the Expenditure Plan consistent with the provisions and priorities of the Expenditure Plan and consistent with the authority cited herein.

SECTION X. BONDING AUTHORITY. Upon voter approval of Measure "I", the Authority shall have the power to sell or issue, from time to time, on or before the collection of taxes, bonds, or other evidence of indebtedness, including, but not limited to, capital appreciation bonds, in the aggregate principal amount at any one time outstanding of not to exceed the estimated proceeds of the tax, as determined by the Expenditure Plan, and to secure such indebtedness solely by

way of future collection of taxes, for capital outlay expenditures for the purposes set forth in Section V hereof, including the carrying out of transportation projects described in the Expenditure Plan.

SECTION XI. ANNUAL APPROPRIATIONS LIMIT. The annual appropriations limit has been established pursuant to Ordinance 89-01 pursuant to Section 4 of Article XIII B of the California Constitution and Section 180202 of the Public Utilities Code. The appropriations limit has and shall be subject to adjustment as provided by law.

SECTION XII. EFFECTIVE AND OPERATIVE DATES. Subject to voter approval, this Ordinance shall become operative on the first day of the first calendar quarter commencing more than 110 days after adoption of this Ordinance. Prior to the operative date of this Ordinance, the Authority shall contract with the State Board of Equalization to perform all functions incidental to the administration and operation of this Ordinance.

SECTION XIII. ELECTION. The Authority requests the Board of Supervisors to call an election for voter approval of the attached proposition Measure "I" (Exhibit C), which election shall be held on November 2, 2004, and consolidated with other elections to be held on that same date, that the measure retains its designation as Measure "I," and that it appear first in order on the local San Bernardino County ballot before all other local measures. The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a county. The sample ballot to be mailed to the voters shall be the full proposition as set forth in this Ordinance, and the voter information handbook shall include the entire Expenditure Plan. Approval of the attached proposition and the imposition of the tax shall require the affirmative vote of 2/3rds of the electors voting on the attached proposition at the election described in this section.

SECTION XIV. EXPENDITURE PLAN AMENDMENTS. The Expenditure Plan may only be amended by the following process:

1. Beginning in 2015, and at least every ten years thereafter, the Authority shall review and, where necessary, propose revision to the Expenditure Plan. Such review shall consider recommendations from local governments, transportation agencies and interest groups, and the general public.
2. The Authority shall notify the cities/towns and Board of Supervisors of the proposed revision and initiation of an amendment, reciting findings of necessity.
3. Actions of the city/town councils and Board of Supervisors to approve or to oppose the amendment shall be formally communicated to the Authority within 60 days of notice of initiation of amendment.
4. The boundaries of subareas shall be amended only by unanimous approval of all the jurisdictions in the subareas where an amendment is proposed to include or exclude territory.
5. Approval of the amendment by a majority of the cities/towns constituting a majority of the incorporated population provided, however, that any amendment of the Victor Valley Expenditure Plan (Schedule E) shall also require a two-thirds vote of the jurisdictions within the Victor Valley subarea.
6. Approval of the amendment by the Board of Supervisors.
7. Approval of the amendment by the Authority.

SECTION XV. SEVERABILITY. If any tax or provision of this Ordinance is for any reason held invalid or unenforceable by a court of competent jurisdiction, that holding shall not affect the validity or enforceability of the remaining taxes or provisions, or the existing tax and the Authority declares that it would have passed each part of this Ordinance irrespective of the validity of any other part.

SECTION XVI. THE EXISTING TAX. Nothing in the Ordinance is intended to modify, repeal, alter or increase the Existing Tax. The provisions of this Ordinance shall apply solely to the retail transactions and use tax adopted herein and not to the collection or administration of the Existing Tax.

APPROVED AND ADOPTED by the San Bernardino County Transportation Authority at its meeting on June 2, 2004 by the following vote:

AYES: Alexander, Burgnon, Dale, Hertzmann, Ulloa, Norton-Perry, Chastain, Nuaimi, Cortes, Lindley, McCallon, Christman, Eaton, Valentine, Ovitt, Gilbreath, Wilson, Bagley, Rothschild, Riddell, Cook, Biane, Hansberger, Postmus, Aguiar, Young

NOES: None

ABSENT: Nehmens, Valles, Pomierski

ABSTENTION: None

By: _____
William J. Alexander, Chairman
San Bernardino County Transportation Authority

Attested: _____
Vicki Watson
Clerk of the Board

Exhibit A

Transportation Expenditure Plan

Revenue Estimates and Distribution. Allocation of revenue authorized by Ordinance No. 04-01 is established within this Expenditure Plan. Funds shall be allocated by percentage of the actual revenue received. An estimate of revenues and allocation among categories is reflected in Schedule A – Transportation Improvement Program. The estimated revenue is based upon 2004 value of money and is not binding or controlling.

Return to Source. After deduction of required Board of Equalization fees and authorized costs, revenues generated from each specified subarea within San Bernardino County will be expended on projects of direct benefit to that subarea. Revenues will be accounted for separately for each subarea and then allocated to specified project categories. Decisions on how revenues are expended within the subareas will be made by the Authority Board of Directors, based upon recommendation of local representatives.

Subarea Identification. The San Bernardino Valley Subarea will include the cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland and Yucaipa and unincorporated areas in the east and west portions of the San Bernardino valley urbanized area. The Mountain-Desert area will include the following subareas: (1) The North Desert Subarea, which includes the City of Barstow and surrounding unincorporated areas; (2) The Colorado River Subarea, which includes the City of Needles and the surrounding unincorporated areas of the East Desert; (3) The Morongo Basin Subarea, which includes the City of Twentynine Palms, Town of Yucca Valley, and surrounding unincorporated areas; (4) The Mountain Subarea, which includes the City of Big Bear Lake and surrounding unincorporated areas of the San Bernardino Mountains; and (5) the Victor Valley Subarea, which includes the Cities of Adelanto, Hesperia, and Victorville; the Town of Apple Valley; and surrounding unincorporated areas including Wrightwood.

Contribution from New Development. No revenue generated from the tax shall be used to replace the fair share contributions required from new development.

Requirement for Annual Financial and Compliance Audits of Measure "I"

Funds. The San Bernardino County Transportation Authority and each agency receiving an allocation of Measure "I" revenue authorized in this Expenditure Plan shall undergo an annual financial audit performed in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller General of the United States. Compliance audits also shall be conducted to ensure that each agency is expending funds in accordance with the provisions and guidelines established for Measure "I" revenue.

Cajon Pass Expenditure Plan. Three percent of the revenue generated in the San Bernardino Valley Subarea and the Victor Valley Subarea will be reserved in advance of other allocations specified in this plan in an account for funding of the I-15/I-215 Interchange in Devore, I-15 widening through Cajon Pass, and truck lane development. Cajon Pass serves as the major transportation corridor connecting the two urbanized areas within San Bernardino County and is in need of the identified improvements. These improvements are critical components to intra-county travel for residents of both the Victor Valley and San Bernardino Valley. Projects to be constructed from the Cajon Pass Expenditure Plan are listed in Schedule C.

San Bernardino Valley Subarea Expenditure Plan. In that area described as the Valley Subarea, project categories shall be established as specified below. The San Bernardino Valley Subarea Expenditure Plan is illustrated in Schedule D.

A. State and Federal Transportation Funds. A proportional share of projected state and federal transportation funds shall be reserved for use solely within the Valley subarea.

B. Revenue Estimates. Tax revenues generated by Ordinance No. 04-01 for the Valley subarea over a thirty year period are estimated to be **\$4,520 million**. Approximately **\$881 million** in state and federal funds and approximately **\$777 million** in contributions from new development are projected for the area over this period, for an estimated total Valley area revenue of **\$6,178 million** for transportation improvements. Revenue estimates are not binding or controlling.

C. Freeway Projects. 29% of revenue collected in the San Bernardino Valley Subarea shall fund freeway projects within the San Bernardino Valley Subarea. Projects to be constructed with Freeway Projects funds are listed in Schedule D1. Cost estimates for such projects are not binding or controlling.

D. Freeway Interchange Projects. 11% of revenue collected in the Valley Subarea shall fund Freeway Interchange Projects. Projects to be constructed with Freeway Interchange Projects funds are listed in Schedule D2. Equitable geographic distribution of projects shall be taken into account over the life of the program.

E. Major Street Projects. 20% Over the thirty-year life of Measure "I," the Major Street Projects category will accrue approximately 18% of revenue collected in the Valley. Upon initial collection of revenue, the Major Street Projects category will receive 20% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Major Street Projects allocation shall be reduced to no more 17% but to not less than 12% upon approval by the Authority Board of Directors and the Express Bus/Bus Rapid Transit Service allocation shall be increased by a like amount. Amendments beyond those authorized in this section shall require a formal amendment as provided in the Measure "I" Ordinance.

Major Street Projects are defined as congestion relief and safety improvements to major streets that connect communities, serve major destinations, and provide freeway access. The Major Street Projects portion of the San Bernardino Valley program shall be expended pursuant to a five-year project list to be annually adopted by the Authority after being made available for public review and comment. Funding priorities shall be given to improving roadway safety, relieving congestion, street improvements at rail crossings and shall take into account equitable geographic distribution over the life of the program.

F. Local Street Projects. 20% of revenue collected in the Valley Subarea shall be distributed among local jurisdictions in the Valley Subarea for Local Street Projects. Allocations to local jurisdictions shall be on a per capita basis using the most recent State Department of Finance population estimates for January 1, with the County's portion based upon unincorporated population in the Valley Subarea. Estimates of unincorporated population within the Valley Subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate for January 1 of each year.

Local Street Projects are defined as local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, transit, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Street Project funds shall be based upon a Five Year Plan adopted annually by the governing body of each jurisdiction after being made

available for public review and comment. Local Street Project funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five Year Plan. The local adopted Five Year Plan shall be consistent with local, regional, and state transportation plans.

G. Metrolink/Rail Service. 8% of revenue collected in the Valley Subarea shall fund Metrolink/Rail Service. Eligible expenditures of Metrolink/Rail Service funds include purchase of additional commuter rail passenger cars and locomotives for use on Metrolink lines serving San Bernardino County; construction of additional track capacity necessary to operate more passenger trains on Metrolink lines serving San Bernardino County; construction of additional parking spaces at Metrolink stations in San Bernardino County; and provision of funds to match State and Federal funds used to maintain the railroad track, signal systems, and road crossings for passenger rail service in San Bernardino County, construction and operation of a new passenger rail service between the cities of San Bernardino and Redlands, and construction and operation of an extension of the Gold Line to Montclair Transit Center for San Bernardino County passengers traveling to San Gabriel Valley cities, Pasadena, and Los Angeles. Projects to be funded by Metrolink/Rail Service funds are listed in Schedule D5.

H. Senior and Disabled Transit Service. 8% of revenue collected in the Valley Subarea shall fund Senior and Disabled Transit Service. 6% of revenue collected in the Valley Subarea in this category shall be expended to reduce fares and enhance service for senior citizens and persons with disabilities. Eligible expenditures in the Senior and Disabled Transit Service category shall include: (1) The provision of funding to off-set a portion of future senior and disabled fare increases that would apply to fixed route, Community Link and complementary paratransit services. (2) The provision of local funds to help off-set operating and capital costs associated with special transit services provided by transit operators, cities and non-profit agencies for seniors and persons with disabilities. (3) At least 2% of the revenue collected in the Valley Subarea in this category will be directed to the creation of a Consolidated Transit Service Agency which will be responsible for the coordination of transit services provided to seniors and persons with disabilities.

I. Express Bus/Bus Rapid Transit Service. 2% Over the thirty-year life of Measure "I," the Express Bus/Bus Rapid Transit Service category will accrue approximately 4% of revenue collected in the Valley. Upon initial collection of revenue, the Express Bus/Bus Rapid Transit Service category will receive 2% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Express Bus/Bus Rapid Transit Service category shall be increased to at least 5%, but no more than 10% upon approval by the Authority Board of Directors. The Major Street Projects category shall be reduced by a like amount. Amendments beyond those authorized in this section shall require a formal amendment as provided by the Measure "I" Ordinance.

Funds in this category shall be expended for the development, implementation and operation of express bus and bus rapid transit service, to be jointly developed by the Authority and transit service agencies serving the Valley Subarea. Eligible projects to be funded by Express Bus/Bus Rapid Transit Service funds shall include contributions to operating and capital costs associated with implementing high-speed, express-type bus service in high-density travel corridors.

J. Traffic Management Systems. 2% of revenue collected in the Valley Subarea shall fund traffic management systems. Eligible projects under this category shall include signal synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol, and projects which contribute to environmental enhancement associated with transportation facilities.

Mountain/Desert Expenditure Plan. In that area described as the Mountain/Desert Area, the following Expenditure Plan requirements shall apply. Schedules E, F, G, H, I illustrate estimated revenue and projects to be constructed in each Mountain/Desert subarea.

A. State and Federal Transportation Funds. A proportional share of projected state and federal transportation funds shall be reserved for use solely within the Mountain/Desert subareas.

B. Revenue Estimates. Tax revenues generated by Ordinance No. 04-01 for the Mountain/Desert region over a thirty year period are estimated to be **\$1,250 million**. Approximately **\$165 million** in state and federal funds and approximately **\$369 million** in contributions from new development are projected for the area over this period, for an estimated total Mountain-Desert area revenue of **\$1,784 million** for transportation improvements. Revenue estimates are not binding or controlling.

C. Local Street Projects. 70% of revenue collected within each subarea shall be apportioned for Local Street Projects within each subarea. 2% of revenue collected within each subarea shall be reserved in a special account to be expended on Project Development and Traffic Management Systems. Eligible Project Development and Traffic Management Systems projects may include, at the discretion of local subarea representatives, costs associated with corridor studies and project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and projects which contribute to environmental enhancement associated with highway facilities. Expenditure of Project Development and Traffic Management Systems funds shall be approved by the Authority Board of Directors, based upon a recommendation of subarea representatives and the Mountain/Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Project Development and Traffic Management Systems funds are not required for improvements of benefit to the subarea, then revenue in the Project Management and Traffic Management Systems category may be returned to the general Local Street Projects category. Such return shall be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

After reservation of 2% collected in each subarea for Project Development and Traffic Management Systems, the remaining amount of funds in the general Local Street Projects category shall be allocated to local jurisdictions based upon population (50 percent) and tax generation (50 percent). Population calculations shall be based upon the most current State Department of Finance estimates for January 1 of each year. Estimates of unincorporated population within each subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate. Tax generation calculations shall be based upon State Board of Equalization data. Schedules E, F, G, H, I reflect the estimate of revenue available for Local Street Projects in each Mountain/Desert subarea.

Projects in the general Local Street Projects category are defined as local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Transportation Project funds may be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, including but not limited to, fare subsidies and service enhancements for seniors and persons with disabilities, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Transportation Project Funds shall be based upon the Five Year Plan adopted annually by resolution of the governing body of each jurisdiction after being made available for public review and comment. Local Street Project funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five Year Plan. The locally adopted Five Year Plans shall be consistent with other local, regional, and state transportation plans.

D. Major Local Highway Projects. 25% of revenue collected within each subarea shall be reserved in a special account to be expended on Major Local Highway Projects of benefit to the subarea. Major Local Highway Projects are defined as major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. Major Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports. Expenditure of Major Local Highway Projects funds shall be approved by the Authority Board of Directors, based upon a recommendation of subarea representatives and the Mountain/Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Major Local Highway Projects funds are not required for improvements of benefit to the subarea, then revenue in the Major Local Highway Projects category may be returned to jurisdictions within the subarea. Such return shall be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

E. Senior and Disabled Transit Service. 5% of revenue collected within each subarea shall be reserved in an account for Senior and Disabled Transit Service. Senior and Disabled Transit is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities. In the Victor Valley subarea, the percentage for Senior and Disabled Transit Service shall increase by .5% in 2015 with additional increases of .5% every five years thereafter to a maximum of 7.5%. Such increases shall automatically occur unless each local jurisdiction within the subarea makes a finding that such increase is not required to address unmet transit needs of senior and disabled transit users. In the North Desert, Colorado River, Morongo Basin, and Mountain Subareas, local representatives may provide additional funding beyond 5% upon a finding that such increase is required to address unmet transit needs of senior and disabled transit services. All increases above the 5% initial revenue collected for Senior and Disabled Transit Service shall come from the general Local Street Projects category of the subarea.

Expenditure of Senior and Disabled Transit Service funds shall be approved by the Authority Board of Directors, based upon recommendation of subarea representatives and the Mountain/Desert Committee.

F. Mountain/Desert Committee. The Mountain-Desert Committee of the Authority shall remain in effect and provide oversight to implementation of the Mountain/Desert Expenditure Plan.

Measure "I" Transportation Expenditure Plan Schedules

SCHEDULE A

Countywide Measure "I" Revenue and Distribution

Estimated Countywide Measure "I" Distribution	Amount
Cajon Pass Expenditure Plan (3% of San Bernardino Valley Subarea and Victor Valley Subarea Revenues - See Schedule C)	\$ 170 Million
Total San Bernardino Valley Subarea Expenditure Plan (See Schedule D)	\$ 4,520 Million
Total Mountain-Desert Expenditure Plan	\$ 1,250 Million
Victor Valley Subarea (See Schedule E)	\$ 852 Million
North Desert Subarea (See Schedule F)	\$ 95 Million
Mountains Subarea (See Schedule G)	\$ 119 Million
Morongo Basin Subarea (See Schedule H)	\$ 125 Million
Colorado River Subarea (See Schedule I)	\$ 59 Million

SCHEDULE B

Transportation Improvement Revenues

Total Countywide Transportation Revenues	Amount
Estimated Countywide Measure "I" Revenue	\$ 6,120 Million
(Less 1% Administration and 2% Board of Equalization Collection Charge)	<u>(\$ 180) Million</u>
Countywide Measure "I" Revenue Available for Transportation Projects (See Schedule A)	\$ 5,940 Million
Estimated State and Federal Revenues	\$ 1,106 Million
Estimated Contributions from New Development	<u>\$ 1,146 Million</u>
Total Estimate Revenue Available for Transportation Projects	\$ 8,192 Million

SCHEDULE C

Cajon Pass Expenditure Plan

Project Description	Amount
<i>I-15 Widening and Improvement through Cajon Pass</i>	<i>\$ 170 Million</i>
<i>Devore Interchange Widening and Improvements at I-15/I-215</i>	<i>\$ 40 Million</i>
<i>I-15 Dedicated Truck Lane Development</i>	<i>\$ 20 Million</i>
<i>Total Cajon Pass Projects Cost</i>	<i>\$ 230 Million</i>
Cajon Pass Measure "I" Revenue	\$ 170 Million
State and Federal Revenues	<u>\$ 60 Million</u>
Total Cajon Pass Projects Revenues	\$ 230 Million

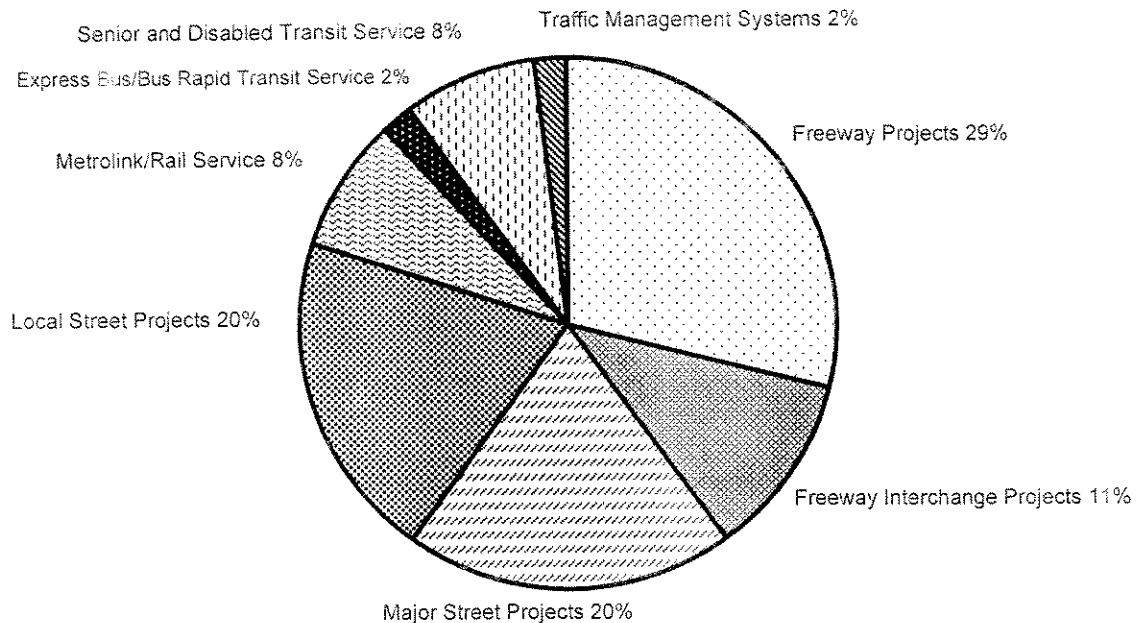
SCHEDULE D

San Bernardino Valley Subarea Expenditure Plan

Project Category	Measure "I" Percentage	Amount
Freeway Projects (See Schedule D1)	29%	\$ 1,311 Million
Freeway Interchange Projects (See Schedule D2)	11%	\$ 497 Million
Major Street Projects* (See Schedule D3)	20%	\$ 814 Million
Local Street Projects (See Schedule D4)	20%	\$ 904 Million
Metrolink/Rail Service (See Schedule D5)	8%	\$ 362 Million
Express Bus/Bus Rapid Transit Service* (See Schedule D6)	2%	\$ 180 Million
Senior and Disabled Transit Service	8%	\$ 362 Million
Traffic Management Systems	<u>2%</u>	<u>\$ 90 Million</u>
Total San Bernardino Valley Subarea Measure "I" Revenue	100%	\$4,520 Million

* Percentage distribution adjusts to serve transportation needs. Amount shown is average over 30-year Measure.

FIGURE D
San Bernardino Valley Subarea Expenditure Plan



SCHEDULE D1

San Bernardino Valley Expenditure Plan Freeway Projects Detail

Freeway Projects	Amount
<i>I-10 Widening from I-15 to Riverside County Line</i>	<i>\$ 610 Million</i>
<i>I-15 Widening from Riverside County Line to I-215</i>	<i>\$ 180 Million</i>
<i>I-215 Widening from Riverside County Line to I-10</i>	<i>\$ 300 Million</i>
<i>I-215 Widening from SR-30/210 to I-15</i>	<i>\$ 120 Million</i>
<i>SR-30/210 Widening from I-215 to I-10</i>	<i>\$ 140 Million</i>
<i>Carpool Lane Connectors</i>	<i>\$ 90 Million</i>
<i>Total Freeway Projects Cost</i>	<i>\$ 1,440 Million</i>
Freeway Projects Measure "I" Revenue	\$ 1,311 Million
State and Federal Revenues	\$ 129 Million
Total Freeway Projects Revenues	\$ 1,440 Million

SCHEDULE D2

San Bernardino Valley Expenditure Plan Freeway Interchange Projects Detail

Freeway Interchange Projects	Amount
<i>Improvements including but not limited to:</i>	
<i>I-10 Interchanges at Monte Vista, Grove/Fourth St, Vineyard, Cherry, Citrus, Cedar, Riverside, Mt. Vernon, Tippecanoe, Mountain View, California, Alabama, Wabash, Live Oak Canyon, Wildwood Canyon</i>	
<i>I-15 Interchanges at 6th St/Arrow, Baseline, Duncan Canyon, Sierra</i>	
<i>SR-60 Interchanges at Ramona, Central, Mountain, Grove, Vineyard</i>	
<i>I-215 Interchanges at University Parkway and Palm</i>	
<i>SR-30/210 Interchanges at Waterman, Del Rosa, Highland, 5th St, and Baseline</i>	
Freeway Interchange Projects Measure "I" Revenue	\$ 497 Million
State and Federal Revenues	\$ 32 Million
Contribution from New Development	<u>\$ 333 Million</u>
Total Interchange Projects Revenues	<u>\$ 862 Million</u>

SCHEDULE D3

San Bernardino Valley Expenditure Plan Major Street Projects Detail

Major Street Projects	Amount
<i>Improvements to major streets that connect communities, serve major destinations, and provide freeway access, such as but not limited to:</i>	
<i>Edison, Pine, Central, Mountain, Grove</i>	
<i>Foothill/Fifth, Baseline, Valley, Slover, Jurupa</i>	
<i>Tippecanoe, Anderson, University, Palm</i>	
<i>Lugonia, Barton, improvements to relieve traffic on Yucaipa Blvd</i>	
<i>Railroad Crossing Improvements, such as but not limited to Milliken and Hunts Ln</i>	
Major Street Projects Measure "I" Revenue	\$ 814 Million
State and Federal Revenues	\$ 82 Million
Contribution from New Development	<u>\$ 444 Million</u>
Total Major Street Projects Revenues	<u>\$ 1,340 Million</u>

SCHEDULE D4

San Bernardino Valley Expenditure Plan Local Street Projects Detail

Local Street Projects	Amount
<i>Distribution to cities and County for street repair and improvements</i>	
Local Street Projects Measure "I" Revenue	\$ 904 Million
State and Federal Revenues	<u>\$ 187 Million</u>
Total Local Street Projects Revenues	\$ 1,091 Million

SCHEDULE D5

San Bernardino Valley Expenditure Plan Metrolink/Rail Service Detail

Metrolink/Rail Service	Amount
<i>Contributions to the following projects:</i>	
<i>Metrolink</i>	
<i>Redlands Extension</i>	
<i>Gold Line Extension</i>	
Metrolink/Rail Service Measure "I" Revenue	\$ 362 Million
State and Federal Revenues	<u>\$ 330 Million</u>
Total Metrolink/Rail Service Revenues	\$ 692 Million

SCHEDULE D6

San Bernardino Valley Expenditure Plan Express Bus/Bus Rapid Transit Service Detail

Express Bus/Bus Rapid Transit Service	Amount
Express Bus/Bus Rapid Transit Service Measure "I" Revenue	\$ 180 Million
State and Federal Revenues	<u>\$ 121 Million</u>
Total Express Bus/Bus Rapid Transit Service Revenues	\$ 301 Million

SCHEDULE E

Victor Valley Subarea Expenditure Plan

Project Category	Measure "I" Percentage	Amount
Local Street Projects	70%	\$ 596 Million
Major Local Highway Projects	25%	\$ 213 Million
Senior and Disabled Transit Service	5%	<u>\$ 43 Million</u>
Total Victor Valley Subarea Measure "I" Revenue	100%	\$852 Million

Victor Valley Expenditure Plan Detail		
Local Street Projects		
<i>Distribution to cities and County for street repair and improvements</i>		
<i>New construction to relieve Bear Valley Rd, Ranchero Rd, new east/west roadways</i>		
Local Street Projects Measure "I" Revenue		\$ 596 Million
State and Federal Revenues		\$ 39 Million
Contribution from New Development, Major Streets		<u>\$ 281 Million</u>
Total Local Street Projects Revenues		\$ 916 Million

Major Local Highway Projects		
<i>Contributions to Projects including but not limited to:</i>		
<i>New Interchanges at I-15 and Ranchero, Eucalyptus, LaMesa/Nisqualli</i>		
<i>High Desert Corridor</i>		
<i>I-15 Widening through Victor Valley</i>		
<i>SR-138 Widening and Improvements</i>		
<i>US-395 Widening and Improvements</i>		
Major Local Highway Projects Measure "I" Revenue		\$ 213 Million
State and Federal Revenues		\$ 112 Million
Contribution from New Development, Freeway Interchanges		<u>\$ 88 Million</u>
Total Major Local Highway Projects Revenues		\$ 413 Million

Senior and Disabled Transit Service		\$ 43 Million
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SCHEDULE F

North Desert Subarea Expenditure Plan

Project Category	Measure "I" Percentage	Amount
Local Street Projects	70%	\$ 66 Million
Major Local Highway Projects	25%	\$ 24 Million
Senior and Disabled Transit Service	5%	\$ 5 Million
Total North Desert Subarea Measure "I" Revenue	100%	\$ 95 Million
North Desert Expenditure Plan Detail		
Local Street Projects		
<i>Distribution to cities and County for street repair and improvements</i>		
<i>Improvements including but not limited to Lenwood Rd, Armory Rd, Rimrock Rd and Main St</i>		
Local Street Projects Measure "I" Revenue		\$ 66 Million
State and Federal Revenues		\$ 2 Million
Total Local Street Projects Revenues		\$ 68 Million
Major Local Highway Projects		\$ 24 Million
<i>Contributions to Projects including but not limited to:</i>		
<i>SR-58 Widening and Improvements</i>		
<i>US-395 Widening and Improvements</i>		
<i>Lenwood Rd and Vista Rd Grade Separations in Barstow</i>		
Senior and Disabled Transit Service		\$ 5 Million

SCHEDULE G

Mountains Subarea Expenditure Plan

Project Category	Measure "I" Percentage	Amount
Local Street Projects	70%	\$ 83 Million
Major Local Highway Projects	25%	\$ 30 Million
Senior and Disabled Transit Service	5%	\$ 6 Million
Total Mountains Subarea Measure "I" Revenue	100%	\$119 Million
Mountains Expenditure Plan Detail		
Local Street Projects		
<i>Distribution to cities and County for street repair and improvements</i>		
Local Street Projects Measure "I" Revenue		\$ 83 Million
State and Federal Revenues		\$ 5 Million
Total Local Street Projects Revenues		\$ 88 Million
Major Local Highway Projects		\$ 30 Million
<i>Contributions to Projects including but not limited to:</i>		
<i>SR-18 & SR-38 Safety and Traffic Flow Improvements</i>		
<i>SR-330 Safety and Traffic Flow Improvements</i>		
<i>SR-138 Safety and Intersection Improvements</i>		
<i>SR-18 Safety and Intersection Improvements</i>		
<i>Realignment and Rehabilitation of Daley Canyon Rd and Kuffel Canyon Rd</i>		
Senior and Disabled Transit Service (5%)		\$ 6 Million

SCHEDULE H

Morongo Basin Subarea Expenditure Plan

Project Category	Measure "I" Percentage	Amount
Local Street Projects	70%	\$ 88 Million
Major Local Highway Projects	25%	\$ 31 Million
Senior and Disabled Transit Service	5%	\$ 6 Million
Total Morongo Basin Subarea Measure "I" Revenue	100%	\$ 125 Million
<hr/>		
Morongo Basin Expenditure Plan Detail		
<hr/>		
Local Street Projects		
<i>Distribution to cities and County for street repair and improvements</i>		
	Local Street Projects Measure "I" Revenue	\$ 88 Million
	State and Federal Revenues	<u>\$ 5 Million</u>
	Total Local Street Projects Revenues	\$ 93 Million
<hr/>		
Major Local Highway Projects		\$ 31 Million
<i>Contributions to Projects including but not limited to:</i>		
<i>SR-62 & SR-247 Widening and Safety Improvements</i>		
<i>SR-62 Widening and Safety Improvements between the Morongo Basin and the Coachella Valley</i>		
<hr/>		
Senior and Disabled Transit Service		\$ 6 Million

SCHEDULE I

Colorado River Subarea Expenditure Plan

Project Category	Measure "I" Percentage	Amount
Local Street Projects	70%	\$ 41 Million
Major Local Highway Projects	25%	\$ 15 Million
Senior and Disabled Transit Service	5%	\$ 3 Million
Total Colorado River Subarea Measure "I" Revenue	100%	\$ 59 Million
Colorado River Expenditure Plan Detail		
Local Street Projects		
<i>Distribution to cities and County for street repair and improvements</i>		
Local Street Projects Measure "I" Revenue		\$ 41 Million
State and Federal Revenues		\$ 2 Million
Total Local Street Projects Revenues		\$ 43 Million
Major Local Highway Projects		\$ 15 Million
<i>Contributions to Projects including but not limited to:</i>		
<i>Needles Highway Widening and Realignment from I-40 to the Nevada State Line</i>		
<i>Reconstruction of J Street and Construction of new Bridge in Needles connecting I-40 to Arizona</i>		
Senior and Disabled Transit Service (5%)		\$ 3 Million

FIGURE J
Mountain/Desert Expenditure Plan

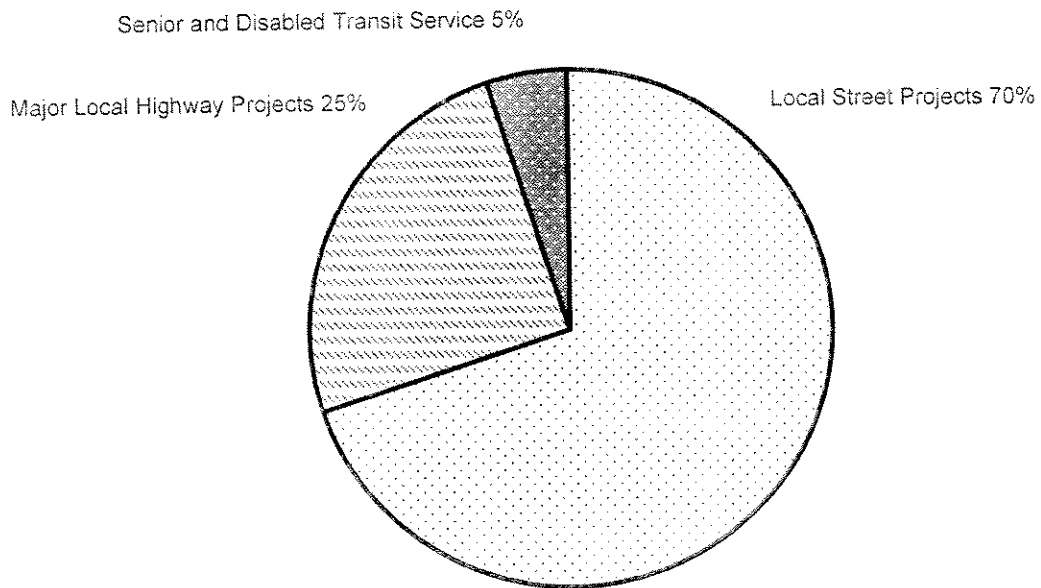


Exhibit B

Independent Taxpayer Oversight Committee (ITOC)

ITOC Goal and Function. Voter approval of this Measure "I" shall result in creation of an Independent Taxpayer and Oversight Committee (ITOC) as follows:

The ITOC shall provide citizen review to ensure that all Measure "I" funds are spent by the San Bernardino County Transportation Authority (hereby referred to as the Authority) in accordance with provisions of the Expenditure Plan and Ordinance No. 04-01.

Audit Requirement. A bi-annual fiscal and compliance audit shall be performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The audit shall review the basic financial statements of the San Bernardino County Transportation Authority as defined by the Governmental Accounting Standard Board and the financial and compliance audits of the member jurisdictions.

Role of Financial and Compliance Audit and the ITOC. The ITOC shall review the annual audits of the Authority; report findings based on the audits to the Authority; and recommend any additional audits for consideration which the ITOC believes may improve the financial operation and integrity of program implementation.

The Authority shall hold a publicly noticed meeting, which may or may not be included on the agenda of a regularly scheduled Board meeting, with the participation of the ITOC to consider the findings and recommendations of the audits.

Membership and Selection Process. The Authority shall have an open process to select five committee members, which shall include solicitation of trade and other organizations to suggest potential nominees to the committee. The committee members shall possess the following credentials:

- One member who is a professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision-making position in the public or private sector.
- One member who is a licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure "I" funding.
- One member who is a current or retired manager of a major publicly financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One member who is a current or retired manager of a major privately financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One public member, who possesses the knowledge and skills which will be helpful to the work of the ITOC.
- The Chair and the Executive Director of the Authority shall serve as ex-officio members of the ITOC.

Terms and Conditions for Committees. Committee members shall serve staggered four-year terms. In no case shall any voting committee member serve more than eight years on the ITOC.

- Committee members shall serve without compensation, except they shall be reimbursed for authorized travel and other expenses directly related to the work of the ITOC.
- Committee members cannot be a current local elected official in the county or a full time staff member of any city, the county government, local transit operator, or state transportation agency.
- Non-voting ex-officio committee members shall serve only as long as they remain incumbents in their respective positions and shall be automatically replaced by their successors in those positions.
- If and when vacancies on the ITOC occur on the part of voting committee members, either due to expiration of term, death or resignation the nominating body for that committee shall nominate an appropriate replacement within 90 days of the vacancy to fill the remainder of the term.

ITOC Operation Protocols.

- Given the thirty-year duration of the tax extension, the ITOC shall be appointed 180 days after the effective date of the tax extension (April 1, 2010) and continue as long as Measure "I" revenues are collected.
- Authority Board of Directors and staff shall fully cooperate with and provide necessary support to ensure the ITOC successfully carries out its duties and obligations.

Conflict of Interest. ITOC voting members shall have no legal action pending against the Authority or San Bernardino Associated Governments and are prohibited from acting in any commercial activity directly or indirectly involving the Authority or San Bernardino Associated Governments, such as being a consultant during their tenure on the ITOC. ITOC voting members shall not have direct commercial interest or employment with any public or private entity, which receives the transportation tax funds authorized by the voters in this Ordinance.

Exhibit C

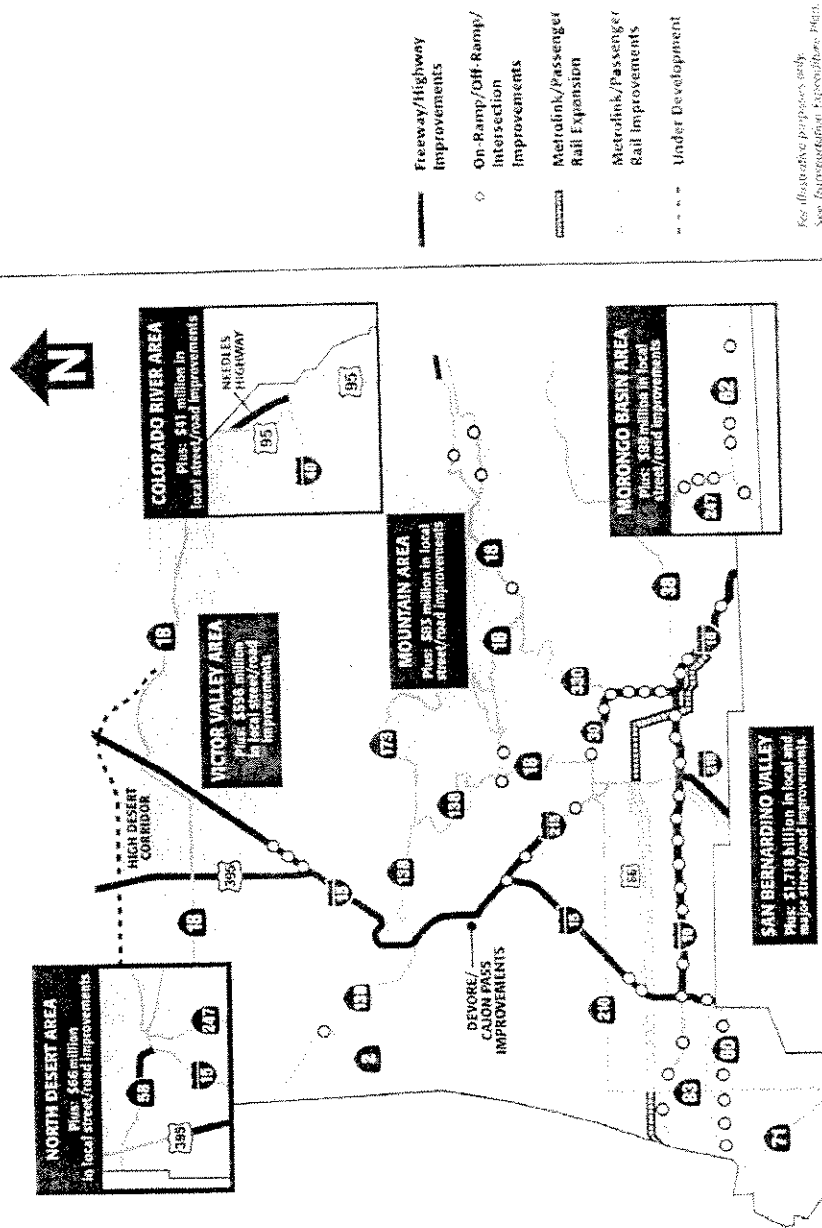
Measure "I" Local Transportation Improvement Program

To relieve traffic congestion, improve safety and match state/federal transportation funds for:

- Widening/improving I-10, I-15, I-210, I-215, SR-60, SR-62, SR-18, US-395;
- Improving freeway interchanges countywide;
- Improving local streets and roads;
- Expanding transit for seniors and disabled riders; and
- Expanding Metrolink commuter rail;

Shall San Bernardino County voters continue the existing half-cent transportation sales tax (Ordinance 04-01) for thirty years and create an Independent Taxpayer Oversight Committee to insure all voter mandates are met?

Measure I – New Transportation Projects



ATTACHMENT "B"

Contract 06-029

Scope of Work for On-Call Development Support of the Measure I 2010-2040 Strategic Plan

Work and Management

The Strategic Plan will be prepared through the combined efforts of the CONSULTANT and the in-house staff resources of SANBAG. Individual Contract Task Orders will specify the actual CONSULTANT scope of work and the CONSULTANT shall only be responsible for that scope of work as specified in executed Task Orders. The items within this Attachment "B" are presented for illustrative purposes only and reflect the general work items that may be included within individual Task Orders. Work not described in this Attachment "B" but needed for the development of the Strategic Plan may be included within specific Task Orders as agreed to by CONSULTANT and SANBAG staff.

Any discussions or reference to deliverables or work products noted herein is *not* considered the CONSULTANT scope of work since the actual scope of work will be detailed in each executed Task Order.

Product

The final product of this effort will be a Strategic Plan for the allocation and administration of the combination of local transportation sales tax, state and federal transportation revenues, and fair-share contributions to regional transportation facilities from new development needed to fund delivery of the Measure I 2010-2040 transportation program, as well as policies and institutional provisions for project management and delivery of the Measure I 2010-2040 transportation program. The plan will be developed through a broadly collaborative process under the policy guidance of the SANBAG policy committees and Board of Directors, and must ultimately reflect agreement on a host of policy and procedural, fiscal, and institutional issues, many (though perhaps not all) of which are identified below. The specific CONSULTANT Scope of Work shall be as agreed to by CONSULTANT and SANBAG staff within each Task Order.

Strategic Plan Work Items and Components

It is envisioned that refinement of this scope of work will be needed and undertaken with input from the CONSULTANT to support preparation of the Strategic Plan. It is also considered likely that modifications to this scope will be needed to reflect additional issues or considerations that arise during the normal course of policy discussion. Items that will likely be required for the Strategic Plan include those listed below. This list is not all inclusive as additional study may be needed as the Plan is developed.

CONSULTANT may be asked to participate in the preparation of the below listed items, however the specific scope of work for which the CONSULTANT is responsible shall be as agreed to within the Task Orders.

Outline of Possible Work Items

Item 1 – Update Expenditure Plan project lists and costs

Update Expenditure Plan project lists and project costs based on the most recent available information provided by member agencies, project sponsors, or as necessary, standard unit costs.

Product: Updated Expenditure Plan list of eligible projects, including costs (by phase as appropriate), and available delivery schedule information.

Item 2 - Update revenue forecasts

Update and refine cash flow estimates for all funding sources considered in the Expenditure Plan. Forecasts of available federal, state, and local transportation revenues used in the Measure I 2010-2040 Expenditure Plan were developed in 2003 and early 2004, and are now dated. Fair share development contributions are defined through the updated SANBAG Nexus Study that is scheduled for approval in Summer 2005 and will be updated periodically thereafter.

Product: Comprehensive projection of transportation revenues available from federal, state, and local sources for each Expenditure Plan program. Rigorous projections are desired through 2020; projects from 2020 to 2040 will necessarily be more subjective.

Item 3 – Evaluate advanced funding options

Document and forecast the cost of bonding against Measure I 2010-2040 revenues to advance projects. Forecast rates of project cost escalation for each programmatic Expenditure Plan category for which bonding to advance projects may be considered. Based on this information and other related topics assess the merits of advancing funding from Measure I revenues through bonding.

Product: White paper that describes and evaluates available options for project advancement, and recommends a preferred approach.

Item 4 – Ensure use of federal funds on otherwise federalized projects

Review reliance on federal funds by program in the Measure I 2010-2040 Expenditure Plan. Identify ways to optimize use of federal funds on otherwise federalized projects, and avoid use of federal funds for projects not otherwise subject to federal processes.

Product: Brief report, if needed, on proposed use of federal funds on projects that could otherwise be delivered locally.

Item 5 - Project prioritization policies and procedures

Through identification and consideration of alternative approaches, select a preferred policy framework for project prioritization and selection for each non-local programmatic category addressed by the Expenditure Plan. Define processes to guide allocation of Measure I and other funds considered in the Expenditure Plan and Strategic Plan.

Project prioritization and selection strategies will be considered, either in isolation or in combination, for each program within the overall Measure I 2010-2040 program.

Product: White paper that documents the preferred policy framework for project prioritization and selection for each non-local programmatic category addressed by the Expenditure Plan, including guidance for allocation of Measure I (excluding local pass-through) and other funds considered in the Expenditure Plan and Strategic Plan

Item 6 – Evaluate need for and benefit of “frontloading” or advancing funding for selected programs through inter-program borrowing

Assess the need and advisability to frontload certain programs within a given subarea. Develop an estimated schedule for delivery of major capital Expenditure Plan projects. The schedule should also consider relative program benefit, differing rates of project cost escalation among programs, and time-sensitive opportunities. Compare the programmatic cash flow needs developed from the estimated schedule for delivery with estimated cash flows by Expenditure Plan program.

Product: Recommended strategy for aligning transportation revenue stream with estimated implementation schedule of major Expenditure Plan projects.

Item 7 – Further define the relationship of fair share development contributions to the fund allocation process.

Define the fund allocation process for SANBAG-administered programs that are also funded in part by fair-share development contributions. Consider local initiative, performance criteria, additional credit for local overmatch, and geographic equity in its allocations to projects with development contributions. Define a preferred method of project selection and fund allocation to projects funded in part by required development contributions.

Product: White paper that documents the preferred method of project selection and fund allocation to projects funded in part by required development contributions.

Item 8 - Define project development and delivery responsibilities for freeway interchange, major roadway, and grade separation projects.

SANBAG or local governments may serve as project lead on these projects, and Caltrans may serve as lead on any of these if the project is on the state system. Describe the benefits and liabilities associated with different agencies acting as lead for each project category and recommend a preferred approach. Develop and recommend fund disbursement and cost tracking procedures for projects administered by other agencies

Products: Policies for consideration and approval by the SANBAG Board regarding above topics. Procedure for tracking costs and expenditures on projects administered by others.

Item 9 – Formulate a policy to address cost overruns on non-SANBAG projects.

Identify and evaluate alternative strategies to address cost overruns, including consideration of possible differences among prospective lead agencies (federal agencies versus Caltrans and local governments), and the nature of fiscal impacts that may arise from each strategy.

Product: A policy to address cost overruns for consideration and approval by the SANBAG Board of Directors.

Item 10 – Identify institutional requirements and resources for management and delivery of the Measure I 2010-2040 transportation program

Review and document SANBAG's institutional structure, staffing levels, and information management resources. Define the appropriate organizational and policy committee structure, staffing levels and attributes, and information management resources to fulfill ongoing agency responsibilities and manage and administer the Measure I 2010-2040 transportation program

Products: White paper that documents the present institutional structure and management resources of SANBAG, provides a comparison with sister agencies having similar responsibilities, and recommends any institutional restructuring needed to facilitate successful delivery of the Measure I program and meet all other SANBAG agency responsibilities. Paper will also identify any additional management resources that would increase SANBAG's effectiveness in administering the Measure I and other programs.

Item 11 – Prepare final Strategic Plan

Compile and synthesize materials prepared pursuant to the foregoing tasks into a final comprehensive Strategic Plan for consideration and approval by the SANBAG policy committees and Board of Directors. The document may be structured in accordance with the item structure outlined above, or may be structured differently for greater clarity and ease of reference based on staff or policy direction.

Product: Final Strategic Plan